FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

East Asia

FBIS-EAS-94-189
Thursday
29 September 1994

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Daily Report
East Asia

FBIS-EAS-94-189 CONTENTS *29 September 1994*

NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

An * indicates material not disseminated in electronic form.

INTER-ASIAN AFFAIRS

ASEAN Backs Efforts for Expanded UN Role *[BANGKOK POST 29 Sep]* 1

NORTHEAST ASIA

Japan

Hashimoto, Kantor Continue Framework Talks *[KYODO]* 2
Talks Broken Off 28 Sep *[KYODO]* 2
May Continue Beyond 30 Sep *[KYODO]* 2
Disputes in Framework Talks 'More Marked' *[YOMIURI SHIMBUN 27 Sep]* 3
Trade Talks To Cease if Sanctions Imposed *[YOMIURI SHIMBUN 27 Sep]* 3
U.S. Said 'Toughening' Stand in Trade Talks *[YOMIURI SHIMBUN 29 Sep]* 4
Washington Said Negative on Partial Auto Accord *[ASAHI SHIMBUN 28 Sep]* 4
Saito: 'Major Gaps Remain' in Insurance Talks *[KYODO]* 5
Reportage on Kono's Statements in New York 5
Calls For U.S. Decision *[KYODO]* 5
Tokyo Not To Sacrifice EU *[KYODO]* 5
Meets Pakistani, Indian Ministers *[KYODO]* 6
Takemura To Urge G-7 'To Prop Up Dollar' *[KYODO]* 6
Murayama's Absence Not Related to Taiwan *[KYODO]* 6
Hsu To Attend Asian Games *[KYODO]* 7
Defense Chief Assures Peacekeepers of Safety *[KYODO]* 7
Calls Rwanda Situation 'Stable' *[KYODO]* 7
Canadian To Make Japanese Beer, Ship to U.S. *[KYODO]* 8
NEC To Build Semiconductor Factory in UK *[NIHON KEIZAI SHIMBUN 21 Sep]* 8
Japanese, Russians Discuss Economic Ties *[KYODO]* 9
Joint Military Drills With Russia, PRC Proposed *[KYODO]* 9
ODA White Paper Urges Taking Leadership Role *[KYODO]* 9
Tokyo Provides Grant, Loan, Medical Assistance 10
Ukraine: $5 Million Medical Aid *[KYODO]* 10
Thailand: 82.3 Billion Yen *[KYODO]* 10
Hungary: 4,914 Million Yen *[KYODO]* 10
Pakistan: 1.1 Billion Yen *[KYODO]* 11
'Comfort Women' Stage Hunger Strike Outside Diet *[KYODO]* 11
Editorial Urges Openness in Administration *[ASAHI SHIMBUN 26 Sep]* 11
* LDP Factions Recast as Policy Groups *[SHUKAN JIJI 27 Aug]* 12
Noboru Takeshita Wins Back LDP Membership *[KYODO]* 13
Table Provides Relative Strength of Parties *[KYODO]* 13
Foreign Expansion of Financial Firms Reported 13
Banks Expand Overseas Bases *[KINYU ZAISEI JIJO 8 Aug]* 13
Mutual Entry of Securities Firms *[KINYU ZAISEI JIJO 8 Aug]* 18
MITI To License 6 Commodity Fund Service Firms *[KYODO]* 20
System To Set Rates on Postal Savings Approved *[KYODO]* 21
Government Panel To Scrutinize Expenditures *[KYODO]* 21
Credit Associations Post Declining Profits *[KINYU ZAISEI JIJO 8 Aug]* 21

Weakness of Financial System Criticized *[SANKEI SHIMBUN 25 Sep]* 24
DA, IHHI Plan To Develop New Aircraft Engine *[NIHON KEIZAI SHIMBUN 22 Sep]* 25
Sanyo Develops 3-D Conversion Technology *[KYODO]* 26
Toshiba Introduces New Video Decoder Chip *[KYODO]* 26
Kansai Electric Begins CATV Experiments *[NIKKEI SANGYO SHIMBUN 19 Sep]* 26
MITI To Improve Industrial Computer Networks *[ASAHI SHIMBUN 28 Sep]* 26
MITI To Create 'Asian Environmental Programs' *[SANKEI SHIMBUN 25 Sep]* 26
Chiyoda Wins Thai Hydrocracking Plant Bidding *[NIKKEI SANGYO SHIMBUN 19 Sep]* 27
Tonen Building First Hydrocracking Plant *[NIKKEI SANGYO SHIMBUN 14 Sep]* 27
Nihonkai Gas Switching To Synthetic Natural Gas *[NIHON KEIZAI SHIMBUN 13 Sep]* 28
Sumitomo Chemical To Cut White-Collar Workforce *[NIHON KEIZAI SHIMBUN 14 Sep]* 28

North Korea

Paper Condemns IAEA 'Distortion' of Reality *[KCNA]* 28
U.S. Accused of Violating Nonproliferation Treaty *[KCNA]* 29
ROK Defense Minister Criticized for Remarks *[Pyongyang Radio]* 29
26 Sep U.S.-ROK Joint Exercises Reported *[KCNA]* 30
Paper Urges Early Overthrow of Kim Yong-sam *[KCNA]* 30
South's Military Expenditures, Budget Condemned *[KCNA]* 31
Building of 'Military Strategic City' Denounced *[Pyongyang Radio]* 31
Committee Denounces South for 'Suppression' *[KCNA]* 32
ROK Institute Head Accepts Tangun Invitation *[KCNA]* 32
PRC's Pomminnyon on Punishment for Kim Yong-sam *[KCNA]* 32
Japan Accused of Plotting Invasion of North *[KCNA]* 32
Kang Song-san Meets Japanese Committee Guests *[KCNA]* 33
Kyoto Accused of Anti-Chongnyon Activities *[KCNA]* 33
Visiting Chongnyon Students Meet Yi In-mo *[KCNA]* 34
Embassy in Moscow Receives Gift for Kim Chong-il *[KCNA]* 34
African Groups Urge Reunification Confederation *[KCNA]* 34
Special Bulletins Published in India, Mozambique *[KCNA]* 34
Indian, Peruvian Parties Support 10-Point Program *[KCNA]* 35
Omani Foreign Ministry Delegation Departs 27 Sep *[Pyongyang Radio]* 35
Romanian Ambassador to Pyongyang Returns Home *[Pyongyang Radio]* 35
Friendship Gathering Marks Yemen Revolution Day *[KCNA]* 35
Thai Guests Pay Respects at Kim Il-song Statue *[KCNA]* 36
Irish Workers Party Group Meets Hwang Chang-yop *[KCNA]* 36
Brings Gift for Kim Chong-il *[KCNA]* 36
Kim Chong-il Receives Greetings From Abroad *[KCNA]* 36
Kim Chong-il's Love, Trust in People Lauded *[Pyongyang Radio]* 37
Kim Chong-il Sends Thanks for People-Army Unity *[KCNA]* 38
Kang Song-san, Others Visit Maengsan County *[KCNA]* 38
County Called People's Paradise *[Pyongyang Radio]* 39

South Korea

U.S., DPRK Conclude 28 Sep Geneva Talks *[YONHAP]* 39
Han: Seoul 'Braced' for Failure of Geneva Talks *[YONHAP]* 39
DPRK's Attitude at Geneva Talks Analyzed *[CHOSON ILBO 29 Sep]* 40
Speculation on Hard-Liners Holding Power in North *[YONHAP]* 40
French News Agency Interviews Kim Pyong-il *[TONG-A ILBO 29 Sep]* 41
North, South Said Negotiating Electricity Supply *[Seoul Radio]* 41
DPRK Reportedly Supports Mexican WTO Bid *[YONHAP]* 42
* South's, North's Inter-Korean Studies Compared *[CHUGAN CHOSON 28 Jul]* 42
U.S. 'Pressure' in Military Reinforcement Alleged *[HANGYORE SINMUN 29 Sep]* 45
Reconsidering of USFK Indirect Support Urged *[YONHAP]* 45
Foreign Minister Departs for UN General Assembly *[YONHAP]* 46
Koreans in PRC Protest Near Tiananmen Gate *[YONHAP]* 46
Lucky-Goldstar Plans PRC 'Massive Investments' *[THE KOREA HERALD 29 Sep]* 46
Japanese Diet Members Arouse 'Public's Wrath' *[YONHAP]* 47
Hunger Strike of Former 'Comfort Women' Noted *[YONHAP]* 47

Defense Minister Addresses National Assembly *[YONHAP]* 47
Kim Orders Army To 'Sternly Punish' Deserters *[YONHAP]* 48
Measures Adopted To Curtail Violence, Desertion *[YONHAP]* 48
President Urges 'Strict Punishment' of Criminals *[YONHAP]* 48
Hyundai Shifts Research From Cars to Electronics *[THE KOREA HERALD 29 Sep]* 49

SOUTHEAST ASIA

Burma

Commentary Berates SLORC as 'Lackey' of PRC *[Oslo DVOB]* 50
Minister Leaves for IMF-World Bank Meeting *[Rangoon Radio]* 51
Mon Rebel Bomb Kills Two in Mudoa 19 Sep *[Rangoon Radio]* 51

Brunei, Malaysia & Singapore

Malaysia

Editorial Compares U.S. Action in Haiti, Bosnia *[BERITA HARIAN 20 Sep]* 51
Civil Servants Banned From al-Arqam Activities *[Kuala Lumpur Radio]* 52

Cambodia

Chea Sim Signs Immigration Law for Sihanouk *[Phnom Penh Radio]* 52
Chea Sim Marks National Assembly Anniversary *[Phnom Penh Radio]* 52
Ranariddh Informed of Border Dispute With Laos *[REAKSMEI KAMPUCHEA 29 Sep]* 53
Khmer Rouge Pledge To Continue Struggle *[Radio PGNUNS]* 54
'Communique' of PGNUNS Cabinet's Weekly Meeting *[Radio PGNUNS]* 55
* Cham Prasit, Sam Rangsi in Dispute Over Bonuses *[REAKSMEI KAMPUCHEA 24 Jun]* 57
Column Attacks 'Power-Hungry' Opposition Forces *[KAOH SANTEPHEAP 24 Sep]* 58
* Correspondent Views Thai-KR Timber Trade *[REAKSMEI KAMPUCHEA 29 Jun]* 59
* Thai Marine Comments on Khmer Rouge Trade *[REAKSMEI KAMPUCHEA 27-28 Jun]* 60

Indonesia

Editorial Praises Carter for Haiti Settlement *[THE JAKARTA POST 20 Sep]* 61
* Rice Trade, Production After GATT Examined *[BISNIS INDONESIA 22 Aug]* 61

Laos

Border Subcommittee With Thailand Holds Meeting *[Vientiane Radio]* 63
Lao, Thai Provincial Committees Discuss Security *[KPL]* 63
Assembly Session Discusses Development Plan *[KPL]* 64

Philippines

Ramos on Malaysia Defense Pact, Yeltsin Speech *[Quezon City TV]* 64
Columnist Views Malaysian Defense Agreement *[THE SUNDAY CHRONICLE 25 Sep]* 65
Scheduled Talks With Communists 'Postponed' *[BUSINESS WORLD 26 Sep]* 66

Thailand

Editorial Views Chuan's Visit to Canada, U.S. *[MATICHON 29 Sep]* 66
Cabinet Approves Plan To Buy 6 Bell Helicopters *[THE NATION 28 Sep]* 67
Army To Purchase 100 M60-A3 Model Tanks *[Bangkok Radio]* 67
Cambodian Troops Warned Not To Protect Thieves *[BANGKOK POST 29 Sep]* 67
Central Bank Adjusts Inflation Rate Upward *[THE NATION 28 Sep]* 68

Vietnam

Finance Minister Meets With Iraqi Delegation *[VNA]* 69
Deputy Foreign Minister's European Trip Reported *[Hanoi Radio]* 69
Forestry Ministry Delegation Returns From PRC *[Hanoi International]* 70
Further on End to EC Refugee Aid Program *[Hanoi International]* 70
Agreement Signed With Laos on Building Highway *[Hanoi Radio]* 70
Vo Van Kiet Meets With Staff of Voice of Vietnam *[Hanoi Radio]* 70
Vo Van Kiet on Development of Navigation Sector *[Hanoi Radio]* 71
Statistics Department Reports on Private Sector *[Hanoi Radio]* 71

AUSTRALASIA

Australia

Government Defends Policy Toward Indonesia *[Melbourne International]* 72

New Zealand

National Party Coalition Seen Near Collapse *[AFP]* 72

ASEAN Backs Efforts for Expanded UN Role

BK2909092494 Bangkok BANGKOK POST in English 29 Sep 94 p 10

[Text] New York—ASEAN foreign ministers threw their weight behind Non-Aligned Movement [NAM] efforts to push for an expanded role for the United Nations next year when the organisation celebrates its 50th anniversary.

ASEAN wants to see the anniversary mark the beginning of a new direction for the UN rather than simply a "symbolic" event, according to Foreign Ministry sources meeting here.

The backing for the NAM position was reached at the meeting chaired by Brunei. The meeting, attended by ASEAN Secretary-General Dato Ajit Singh, was held in conjunction with the session of the UN General Assembly.

NAM issued a draft charter calling on the UN to pursue a new direction in its second 50 years by paying more attention to development issues experienced by emerging countries.

All ASEAN states are members of NAM whose current chairman is Indonesia.

One official said support for a new role for the UN was gaining momentum as could be seen by the meeting on population in Cairo this month and the world conferences next year on women in Beijing and social issues in Copenhagen.

The ASEAN ministers have agreed to push for reforms of the UN Security Council which they feel should accept representatives from all regions in addition to the permanent members, said the official but he did not go into detail about the formulation of the new structure.

The talks also covered Burma, Cambodia and Vietnam.

The ministers felt last week's meeting between leaders of the Burmese junta and dissident leader Aung San Suu Kyi indicated things were improving in the country.

The 1991 Noble Peace Prize laureate met State Law and Order Restoration Council leader Gen Than Shwe and the chief of military intelligence Lt Gen Khin Nyunt for the first time in Rangoon last week.

The ASEAN ministers also feel that talks between Burmese Foreign Minister Ohn Gyaw and UN Secretary-General Butrus Butrus-Ghali will probably take place this year, possibly during the UN General Assembly session which Mr Ohn Gyaw will attend.

Rangoon agreed early this year to hold talks with the UN chief. Mr Ohn Gyaw met German Foreign Minister Klaus Kinkel on Monday—the first meeting since the European Union agreed to a "critical dialogue" with SLORC.

The officials said Foreign Minister Prasong Sunsiri told his counterparts that the Cambodian Government was opening its doors so acceptable Khmer Rouge members could join the national reconciliation .

He also said Phnom Penh was emphasising social and economic development as well as the restructuring of the armed forces.

ASEAN Secretary-General Singh briefed the ministers on developments regarding Vietnam.

The group has set up a working group consisting of senior representatives of the ASEAN Economic Ministers forum and the secretary-general to provide Hanoi with information which would help it join in ASEAN activities.

Sqn Ldr [squadron leader] Prasong yesterday held meetings with Japanese Foreign Minister Yohei Kono and New Zealand Foreign Minister Donald McKinnon.

The talks with the Japanese minister took place after Mr Kono was absent when Premier Chuan Likphai visited Japan early this month.

Mr McKinnon will visit Thailand and other countries in the region after attending the informal meeting of the Asia-Pacific Economic Council leaders in Jakarta in November.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Japan

Hashimoto, Kantor Continue Framework Talks

OW2809122794 Tokyo KYODO in English 1211 GMT 28 Sep 94

[Text] Washington, Sept. 28 KYODO—Japanese Trade Minister Ryutaro Hashimoto and U.S. Trade representative Mickey Kantor continued a last-ditch attempt Wednesday [28 September] to find a breakthrough in deadlocked "framework" trade talks to avoid possible sanctions against Japan.

Japanese officials said their meeting, the second in a series, will focus on measures to increase Japanese imports of U.S.-made auto parts.

The session at the U.S. Trade Representative office followed a meeting Tuesday which, the officials said, produced no agreement.

They said Hashimoto, minister of international trade and industry, hopes to pave the way for agreement on the auto issue.

Japanese Foreign Minister Yohei Kono, now in the United States to attend a UN General Assembly session, is scheduled to meet Kantor on Friday, the U.S.-set deadline for possible trade sanctions against Japan.

Japan hopes to see a scenario in which the two sides can strike agreements on the auto issue and two other priority areas at the Kono-Kantor meeting, the officials said.

The two other key areas are government procurement of telecommunication and medical equipment and the opening of Japan's insurance market.

Working-level negotiations on the auto parts issue have been held since Tuesday by representatives from the Japanese Transport Ministry and the U.S. Trade Representative office, the officials said.

Hashimoto, who arrived in Washington Tuesday, also met with U.S. Commerce Secretary Ron Brown.

Talks Broken Off 28 Sep

OW2809155594 Tokyo KYODO in English 1530 GMT 28 Sep 94

[Text] Washington, Sept. 28 KYODO—Japan's International Trade and Industry Minister Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor broke off their trade talks Wednesday [28 September], with Hashimoto saying he will return to Washington on Friday to resume them.

"I will return to Tokyo once and come back to Washington Friday," Hashimoto told reporters after emerging from a three-hour meeting with Kantor.

Hashimoto's remark indicated both sides remained apart on the focal point of discussions concerning expansion of Japanese imports of U.S.-made auto parts.

Hashimoto and Kantor held two rounds of talks Tuesday and Wednesday in a last-ditch attempt at a breakthrough in deadlocked talks on a framework for bilateral trade.

The two countries have failed to straighten out their differences over three priority areas in the negotiations—auto and auto parts trade, Japanese Government procurement practices and the opening of Japan's insurance market.

Hashimoto met with Kantor at the latter's office Wednesday in a bid to pave the way for Japanese Foreign Minister Yohei Kono and Kantor to strike final accords on the three issues by Friday, the U.S.-set deadline for possible sanctions against Japan.

Speaking to reporters Wednesday morning after the talks, Kantor said, "we had a thorough and substantive meeting which covered all the subjects, especially auto and auto parts and glass areas. Our officials will be meeting on all the sectors under the framework today, beginning at 11 in the morning."

"Mr Hashimoto indicated to me this morning he is coming back Friday evening after he opens the Diet to continue these discussions," Kantor said. "Of course, he is well aware, as deputy Prime Minister Kono, that Friday night is the deadline."

Washington has warned it would impose sanctions or go ahead with procedures toward such action unless Japan makes concessions in the trade talks by the end of September.

Hashimoto arrived in Washington on Tuesday to lay the groundwork for Japan and the United States to finalize the negotiations by the Friday deadline.

Kono is in the United States to attend a session of the UN General Assembly.

May Continue Beyond 30 Sep

OW2909000194 Tokyo KYODO in English 2322 GMT 28 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Japan and the United States may continue trade talks beyond the Friday [30 September] deadline set by the latter for possible sanctions, a Japanese senior trade ministry official said Thursday.

"Specific dates for negotiations are not known at this moment but there is a possibility of talks continuing beyond the Sept. 30 sanction deadline under Super 301," said the official at the Ministry of International Trade and Industry.

The comment came after International Trade and Industry Minister Ryutaro Hashimoto, who held talks

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

with U.S. Trade Representative Mickey Kantor in Washington on Tuesday and Wednesday, decided to return briefly to Tokyo and come back to the U.S. capital Friday, the last day of September.

The latest Hashimoto-Kantor talks, centering on how to expand Japanese imports of U.S.-made auto parts, ended without the substantive results needed to break the impasse in the most difficult sector of the "framework" talks for new bilateral economic and trade ties.

In Washington on Wednesday, a Trade Ministry source accompanying Hashimoto said he was instructed by the minister to have further discussion with the U.S. at working levels.

Hashimoto will return to Tokyo on Thursday to attend the extraordinary session of the Diet that opens Friday.

Disputes in Framework Talks 'More Marked'

OW2909134894 Tokyo YOMIURI SHIMBUN in Japanese 27 Sep 94 Morning Edition p 7

[By reporter Hideya Aoki]

[Text] Washington, 25 Sep—It was learned on 25 September that as the Japanese-U.S. framework trade talks approach the final rounds, the United States has pressed Japan with more new demands, one after another, in negotiations over such trade sectors as sheet glass and automobiles and auto parts, which is one of the three priority areas under the framework trade talks. Disputes over the government procurement sector, which is currently the focal issue, has become more marked. As a result, Japanese negotiators have come to strongly suspect that "the authorization of trade sanctions under the Super 301 provision (regarding determining and imposing punitive action against unfair trade partners and trade practices) of the Omnibus Trade and Competitiveness Act may be unavoidable in several areas, such as auto parts and sheet glass."

Consequently, it has become more than likely that no agreement will be reached at the fifth round of negotiations between Foreign Minister Yohei Kono, who is currently visiting the United States, and U.S. Trade Representative Mickey Kantor scheduled for 28 September in New York and that the trade talks will drag on until the 30 September deadline, at which point the United States may impose trade sanctions against Japan.

According to a source from the Japanese negotiating team, in order to increase the sales of U.S. auto parts, U.S. negotiators have previously demanded partial easing of the Japanese Government's system of designating and certifying automobile repair shops which handle repair parts. In trade negotiations held since Foreign Minister Kono arrived in the United States on 21 September, U.S. negotiators stepped up their demands drastically. They started demanding that the Japanese Government implement more radical and comprehensive deregulation of its designation and certification system regarding automobile repair shops.

The basic strategy that Japanese negotiators had in mind has been to hopefully reach a partial agreement in the automobiles and auto parts sector by agreeing to a partial deregulation regarding standards for and certification of assembled automobiles and automobile repair shops, among other things, while persistently rejecting U.S. demands which are outside the government's jurisdiction. Among such U.S. demands are the raising of voluntary target goals that Japanese automakers have set for purchasing U.S. auto parts and the expansion of car dealers' networks handling foreign automobiles. Japanese negotiators are now faced with reviewing their basic strategy.

Meanwhile, in negotiations over revising the "Japanese-U.S. Agreement on Nippon Telegraph and Telephone (NTT) Corporation Procurement Projects"—which have been conducted separately, in form, from the framework trade talks (regarding the government procurement sector)—U.S. negotiators have been firmly demanding the introduction of objective criteria which are similar to the numerical targets on which the U.S. Government has been insisting in negotiations over the government procurement sector. Japanese negotiators have rejected this demand on such grounds as that the agreement on NTT procurement projects never included numerical-target-like criteria to begin with and that the agreement is a private-sector deal that is outside the government's jurisdiction.

However, U.S. negotiators have conveyed their intention to pursue a hardline policy, saying: "The government procurement sector and the NTT issue must be dealt with together, and there can be no agreement on one without an agreement on the other." Thus, with the 30 September U.S. deadline for imposing trade sanctions against Japan rapidly approaching, the situation regarding negotiations over trade sectors under the bilateral framework trade talks, excluding the insurance services sector over which a basic agreement has already been reached, has further intensified.

Trade Talks To Cease if Sanctions Imposed

OW2909060994 Tokyo YOMIURI SHIMBUN in Japanese 27 Sep 94 Morning Edition p 7

[Text] On 26 September, a senior official of the Ministry of International Trade and Industry indicated the possibility of suspending the Japan-U.S. economic framework talks. If both nations fail to conclude the talks on government procurement and if the United States initiates sanctions under the government procurement provision of the U.S. trade act, "Japan will break off the framework talks," he said.

When the two nations agreed to resume the framework talks last July, Japan sent a message to the United States

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

saying it will rightfully suspend the talks if the United States starts sanctions proceedings unilaterally.

U.S. Said 'Toughening' Stand in Trade Talks

OW2909114194 Tokyo YOMIURI SHIMBUN in Japanese 29 Sep 94 Morning Edition p 7

[Unattributed article: "Framework Talks Nearing Conclusion—U.S. Expands Its Demands; Japan Perturbed"]

[Text] With the U.S. administration needing to determine by the end of September if Japan is an unfair trade-practicing country and whether sanctions should be imposed against it, Japan and the United States have been desperate to work out a deal in their Japan-U.S. economic framework talks. But more recently the United States is notably toughening its position by escalating its demands on Japan.

As Japan's strategy has been one which is aimed at averting U.S. sanctions by achieving as many partial agreements as possible in individual sectors, the government is perplexed by the U.S. toughening of its position. It is trying to find a breakthrough in the talks by sending Ryutaro Hashimoto, minister of international trade and industry, to the United States. Despite the efforts, there are now growing voices of concern saying that if the things go on as they are now, the time will run out and sanctions will come.

Sudden Toughening of Stand

Ironicaly, the United States has increased its demands on Japan since 21 September when Foreign Minister Yohei Kono arrived in Washington. A diplomatic official gave his view: "It may be that the people of the U.S. industry have come to think they should present all the possible demands on Japan on this occasion."

In the area of automobiles and auto parts, Japan's operation plan was to extract U.S. concessions by offering, for instance, to deregulate specifications on repair parts, but the United States last week came to demand drastic reform of Japan's systems themselves, calling for the abolition of the vehicle inspection system as well as the system of designating authorized maintenance service shops. As such, Japan's operation plan proved fundamentally erroneous.

On the issue of objective criteria to measure market openness in government procurement, the United States is not backing away from the position of insisting that the Japanese Government should assure increased procurement of foreign products, and consequently the talks between Foreign Minister Kono and U.S. Trade Representative Mickey Kantor are going nowhere.

United States' Thinking

The general view in Japan on the reason for the U.S. toughening of its position is "because the Clinton administration is thinking about the United States' mid-term election in November."

But at present the trade issues are not a point of contention in the election. In Washington, more people want to find the reason in the issue of having the Uruguay Round agreement ratified. Within U.S. Congress there are many who feel uneasy about the agreement, thinking that once it is ratified, the United States will come under restrictions of the international rule and its trade capabilities will be weakened. Hence, the administration may be feeling it necessary to display its tough stand vis-a-vis Japan—in order to remove such concern in Congress and to help Congress ratify it.

Japan's Actions

About this toughening of the U.S. demands, the Japanese Government says, "the deadline for the sanctions is something which the United States decided on its own arbitrarily," but still there is no doubt that the government is perturbed and irritated.

At a news conference before departing for the United States, Ryutaro Hashimoto, minister of international trade and industry, looked stern as he said, "Not much progress has been made so far, but we should do our best till the very last moment." A ranking official of the Ministry of International Trade and Industry said "Even if the United States decides on sanctions, there will be nothing for Japan to be ashamed of," and added, "the sanctions are unavoidable."

If Sanctions Start

What will really happen if the United States does decide on the sanctions and on the specific area to which the sanctions will be imposed? As far as we see it from the perspective of economic impact only, effects from the Super 301 provision will be zero in the immediate future. The Super 301 provision allows one year as a survey period from the time of deciding on the sanctions to the time of their actual imposition, and this means both parties can hold further negotiations during that period.

On the other hand, the sanctions under the government procurement clause in the Trade Act will become effective in October. The sanctions therefrom are expected to mean that the U.S. administration will be banned from buying Japanese products, but the U.S. administration is not buying much Japanese products anyway. Even if the administration is banned from buying Japanese-made telecommunications and medical technologies, the actual value of purchases affected will not exceed 140 million yen in all.

More adverse impact from the sanctions is expected to come in the non-economic areas—like those on diplomatic relations and popular emotions of the two nations.

Washington Said Negative on Partial Auto Accord

OW2809120694 Tokyo ASAHI SHIMBUN in Japanese 28 Sep 94 Morning Edition p 11

[By correspondent Akira Ito]

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

[Text] Washington, 26 Sep—Commenting on the negotiations on the automobile and auto parts sector under the Japan-U.S. economic framework talks, a source close to Japanese negotiators said on 26 September: "U.S. negotiators are asserting that for Japan and the United States to reach an accord, it is necessary to increase targets set voluntarily by Japanese automakers for their purchase of foreign-made auto parts. They also are indicating that the Untied States cannot go along with Japan's proposal for a partial accord on relaxing the regulations on auto parts that are used for repair." In this way, the source painted a grim picture of prospects for the negotiations.

According to the same source, U.S. negotiators are demanding that Japan increase targets set voluntarily by Japanese automakers to boost Japan's purchase of foreign-made auto parts, present a future plan (vision) for Japanese dealers selling foreign-built automobiles and relax the regulations on auto parts that are used for repairs.

Ryutaro Hashimoto, international trade and industry minister, has indicated to the U.S. Government that he intends to work to keep Japan from facing U.S. trade sanctions by partially relaxing the regulations on auto parts that are used for repair and promising a future review of the regulations. However, U.S. negotiators are criticizing his proposal, saying: "The scope of deregulation is limited and his promise of a future review of the regulations is ambiguous." In this way, U.S. negotiators are maintaining that "a partial agreement would be difficult to be reached between the two countries unless the targets set voluntarily by Japanese automakers are increased."

Saito: 'Major Gaps Remain' in Insurance Talks

OW2909094894 Tokyo KYODO in English 0919 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Major gaps remain in the insurance sector of the Japan-U.S. "framework" trade talks, vice Finance Minister Jiro Saito said Thursday [29 September].

"We can't necessarily say so," Saito told reporters when asked if big gaps had already been filled in the insurance talks.

His ministry's negotiators have flown back to Washington after temporarily returning earlier this week, he said.

Among the three priorities areas, agreement on the insurance sector is believed to be close, while the two sides remain apart on auto and auto parts, and Japan's public procurement of telecommunications and medical equipment.

Japan and the United States have been holding a series of meetings since last week in a last-ditch bid to conclude talks in the three areas, plus flat glass, before the U.S.-imposed deadline on Friday for possible sanctions.

Turning to a meeting of finance ministers and central bankers from the Group of Seven (G-7) major nations in Madrid on Saturday, Saito said Japan will stress the negative impact of the yen's "too rapid" appreciation on its "barely" recovering economy.

While acknowledging that Japan is lagging behind other G-7 nations in economic recovery, Saito said Japan will explain the bright outlook for its economy.

The G-7 nations comprise Britain, Canada, France, Germany, Italy, Japan and the United States.

Reportage on Kono's Statements in New York

Calls For U.S. Decision

OW2909014794 Tokyo KYODO in English 0129 GMT 29 Sep 94

[Text] New York, Sept. 28 KYODO—Japanese Foreign Minister Yohei Kono said Wednesday [28 September] that trade talks between Japan and the United States are in their final phase and called for a decision on the U.S. si[illegible].

Kono made the remarks in a meeting with a group of Japanese reporters traveling with him on his U.S. tour, during which he is having talks with U.S. leaders in Washington and attending the United Nations General Assembly in New York.

Kono also said that the Japanese Government will also strive to reach an agreement on trade negotiations with the U.S.

Kono, however, did not give any hint at the possibility of the two governments reaching an agreement on the talks.

Kono and International Trade and Industry Minister Ryutaro Hashimoto are scheduled to meet with U.S. Trade Representative Mickey Kantor in Washington on Friday, the deadline set by Washington for possible sanctions against Japan.

Kono held four rounds of talks with Kantor last week on Japanese Government procurement of telecommunications and medical equipment. Hashimoto also met with Kantor on Tuesday and Wednesday to discuss the issue of auto and auto parts.

Both negotiations, however, failed to break a stalemate in the two areas covered by the bilateral "framework" trade talks.

Tokyo Not To Sacrifice EU

OW2809235394 Tokyo KYODO in English 2324 GMT 28 Sep 94

[Text] New York, Sept. 28 KYODO—Japanese Foreign Minister Yohei Kono on Wednesday [28 September]

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

gave reassurances that Japan has no intention of reaching a trade agreement with the United States that comes at the expense of European nations.

Kono made the pledge in a series of meetings with European foreign ministers, including Foreign Minister Klaus Kinkel of Germany, the country which currently holds the chairmanship of the European Union, according to Japanese officials traveling with Kono.

The European foreign ministers expressed strong concern over the ongoing trade negotiations between Japan and the U.S., saying the talks should not be concluded in a way that excludes the interests of third countries, the officials said.

Kono, now in New York for the United Nations General Assembly session, will meet again with U.S. Trade Representative Mickey Kantor on Friday in a last-ditch effort to break the stalemate in talks on Japanese Government procurement of telecommunications and medical equipment.

The U.S. Government has set Friday as the deadline for possible sanctions against Japan, for what it claims are unfair Japanese trade practices.

Meets Pakistani, Indian Ministers

OW2909014894 Tokyo KYODO in English 0044 GMT 29 Sep 94

[Text] New York, Sept. 28 KYODO—Japanese Foreign Minister Yohei Kono on Wednesday [28 September] urged Pakistan and India to join the nuclear Nonproliferation Treaty (NPT), Japanese officials said.

Kono made the requests when he separately met Pakistani Foreign Minister Sardar Asif Ahmad Ali and a junior Indian foreign minister in New York, where they are attending a United Nations General Assembly meeting.

The Pakistani minister told Kono that his country has decided not to produce nuclear weapons, but declined to comment directly on whether it will participate in the treaty, the officials said.

Ali also said Pakistan will make efforts for nuclear nonproliferation, noting that Kono has told him Japan is seeking the abolition of nuclear weapons, they said.

Pakistan has not joined the NPT, reportedly because India, which it currently regards as a rival country, has refused to participate. In 1990, the United States stopped extending military and economic assistance to Islamabad because of suspicions that Pakistan was developing nuclear weapons.

At his meeting with Salman Khursheed, Indian minister of state for external affairs, Kono voiced Japan's expectations that New Delhi will make its nuclear program transparent by joining the NPT, the officials said.

Khursheed denied India possesses nuclear arms and reiterated its position that nuclear nonproliferation should be pursued not only in the South Asian region but on a global scale, they said.

He expressed India's support for Japan's bid to win a permanent seat on the UN Security Council, they added.

Takemura To Urge G-7 'To Prop Up Dollar'

OW2809121494 Tokyo KYODO in English 1052 GMT 28 Sep 94

[Text] Tokyo, Sept. 28 KYODO—Japan will urge its Group of Seven (G-7) partners in Madrid on Saturday to consider action to prop up the dollar against the yen, Finance Minister Masayoshi Takemura said Wednesday.

The current level of 98 yen against the dollar is "negative" for the Japanese economy, Takemura told a regular news meeting, adding that he wants to get his G-7 counterparts to "recognize" this. "I think it's acceptable for Japan to comment" on the current exchange levels which "do not reflect economic fundamentals" because the consensus among G-7 finance ministers at the Naples summit in July to fend off speculation to secure currency rates remains unchanged, he said.

Finance ministers and central bankers of the G-7 nations are expected to meet in Madrid on Saturday before a spate of international financial gatherings of the International Monetary Fund and the World Bank. The G-7 nations are Britain, Canada, France, Germany, Italy, Japan and the United States.

As for other major issues at the G-7 table, Takemura listed economic conditions, aid to Russia and Ukraine, and new allocations of IMF special drawing rights. He acknowledged that the Japanese economy is lagging behind the U.S. and European nations in recovering, and stressed that he will explain Japan's efforts to combat this, such as the decision last week on multiyear tax cuts.

Murayama's Absence Not Related to Taiwan

OW2909035594 Tokyo KYODO in English 0320 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Prime Minister Tomiichi Murayama's decision to skip the opening ceremony of the Hiroshima Asian Games was not reached in order to avoid an encounter with a Taiwanese official whose planned visit to Japan provoked Beijing's anger, a government spokesman said Thursday [29 September].

The premier's decision is "irrelevant" to Taiwanese Deputy Prime Minister Hsu Li-te's attendance at Sunday's ceremony, Deputy Chief Cabinet Secretary Nobuo Ishihara told a news conference.

China has staunchly opposed Japan's decision to allow Hsu to enter the country, saying it runs counter to the 1972 Japan-China joint statement and friendship treaty.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

"As the opening of the Diet session draws near, his schedule is too tight. That's why," Ishihara said, adding that Murayama would certainly attend the sports event if it were being held in Tokyo.

The premier has not received an invitation to attend the Asian Games, which will run through Oct. 16, because his decision not to attend the opening ceremony was relayed to the Olympic Council of Asia in advance, an aide to Murayama said.

Japan switched its diplomatic relations from Taipei to Beijing in 1972. China views Taiwan as a renegade province and does not recognize it as a sovereign entity.

Tokyo has adopted the position that Hsu is coming to Japan to attend the games in his capacity as head of a committee seeking to invite the Asiad to Taiwan and not for political purposes.

Hsu To Attend Asian Games

OW2909064094 Tokyo KYODO in English 0557 GMT 29 Sep 94

[Text] Hiroshima, Sept. 29 KYODO—Organizers of the Hiroshima Asian Games said Thursday [29 September] that Taiwanese Vice Premier Hsu Li-te has been granted an ID card as a guest of the Chinese Taipei Olympic Committee (CTOC).

Touching on a row over Hsu's planned attendance to the games, Takayoshi Fukushima, secretary general of the Hiroshima Asian Games Organizing Committee (HAGOC), said, "Each national Olympic committee is allowed to invite up to three persons to the games."

"We issued an ID to Hsu because the CTOC listed his name as a guest. There are many political figures invited to the Asiad as guests of national Olympic committees," he added.

Guests invited by national Olympic committees, including Iranian Roads and Transport Minister Akbar Torkan and Kazakh State Minister Vladimir Shumov [as received], are slated to appear during the Oct. 2-16 games.

But Fukushima, who also serves as a deputy mayor of Hiroshima, said, "No politicians will be included among the field of 40 guests invited by the Olympic Council of Asia to Hiroshima."

The Olympic Council of Asia (OCA) charter says its president is allowed to invite as many as 40 guests to the Asiad.

OCA President Ahmad Al-Fahd sent an invitation to Taiwan's President Li Teng-hui to the games, but the OCA earlier this month issued a statement saying "no political" figures would be invited to the Asiad.

Referring to his Wednesday night meeting with Wei Jizhong, China's deputy delegation leader, Fukushima said, "Although there was a gap between our views on the matter, we both agreed to make the upcoming games successful.

"Wei did not make any protest to us, but he said he would not be satisfied with a planned visit by Hsu," Fukushima said.

According to Fukushima, a meeting with Wei is slated for later in the day but time and place are yet to be decided.

Wei has opposed Hsu's appearance in Hiroshima, saying, "The OCA announced no political figures would be invited to the games, and HAGOC is only an organizing body so the organizers should follow the OCA."

Defense Chief Assures Peacekeepers of Safety

OW2809122194 Tokyo KYODO in English 1106 GMT 28 Sep 94

[Text] Narita, Japan, Sept. 28 KYODO—Defense Agency Director General Tokuichiro Tamazawa returned to Japan on Wednesday [28 September] from an eight-day visit to inspect Rwandan refugee camps and quickly sought to dispel concern about safety among Japanese peacekeepers going to Zaire on a refugee mission.

Tamazawa told reporters, "it is hard to think that physical harms may be inflicted on the members of nongovernmental organizations or peacekeeping units from various countries, so the Self-Defense Forces (SDF) should be able to conduct humanitarian aid missions as scheduled."

He also said, "I discerned an atmosphere of relief as refugees in camps have come through the worst of the disease and starvation."

"The overall security situation is not so bad, although there were some squabbles among individual refugees over the distribution of aid supplies," he said.

Soon after landing at Narita, Tamazawa boarded a plane for Hokkaido Prefecture to attend a military base party to see off a contingent of 260 peacekeepers going to refugee camps at the Zairean town of Goma, which is packed with refugees fleeing from the bloodshed in Rwanda.

A total of 470 SDF personnel and 10 officials are scheduled to be deployed in Goma for three months on a humanitarian mission.

Calls Rwanda Situation 'Stable'

OW2909082694 Tokyo KYODO in English 0710 GMT 29 Sep 94

[Text] Eniwa, Japan, sept. 29 KYODO—Defense Agency chief Tokuichiro Tanezawa said Thursday [29 September] Japanese peacekeepers will continue their

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

relief work for Rwandan refugees in Zaire for the time being since the domestic security situation there seems to be stable.

"It's unlikely that domestic order will turn to turmoil, which is why we basically are not considering withdrawal simply due to occasional disturbances," Tanezawa told a news conference at the Ground Self-Defense Force's Minami-Eniwa Camp in western Hokkaido.

The defense minister returned Wednesday from an eight-day visit to central Africa to inspect Rwandan refugee camps.

On Sunday an advance team of the Self-Defense Forces (SDF) was forced to return to its camp at Goma airport over a skirmish between Zairean soldiers and protesting local residents, giving rise to concerns about their safety.

While playing down these incidents, Tamazawa said, however, that an SDF withdrawal could become necessary if a resurging Rwandan civil war spills over into the border areas "leading to a big change in the military situation there."

He said, however, such a scenario seems improbable. "I don't think the civil war will flare up again, because even the former government troops among the refugees don't have weapons."

Tamazawa voiced support for calls from peacekeepers to allow them to use the airport of the Rwandan capital of Kigali in case of an emergency. "It's permissible that they land in Rwanda in case of trouble during a flight, if there is no other place to go down," he said.

Operations in Rwanda are highly controversial, since Japan's UN Peacekeeping Cooperation Law prohibits SDF deployments to areas where no stable cease-fire is in place.

Tamazawa, a member of the Liberal Democratic Party, was in Hokkaido to see off a contingent of 260 peacekeepers going to refugee camps at Goma, which is packed with refugees fleeing from Rwanda.

Some 400 SDF personnel are scheduled to be deployed in Goma for three months on a humanitarian mission.

Canadian To Make Japanese Beer, Ship to U.S.

OW2909062094 Tokyo KYODO in English 0458 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Asahi Breweries Ltd. announced Thursday [29 September] it has licensed Molson Breweries, a major Canadian brewery, to produce its mainstay beer brand Super Dry in Canada for shipment to the United States. The Super Dry will be turned out at the Vancouver brewery of Molson Breweries, with shipments to the U.S. due to start Saturday. The Canadian-made Super Dry will be sold by Molson Breweries U.S.A. Inc., the second largest beer importer in the U.S., Asahi said.

The Canadian brewery will produce 355-milliliter [ml] bottles for the time being and is scheduled to add to its production list 633-ml bottles and 355-ml cans as well in December, the company said. Asahi Breweries is aiming to boost U.S. sales of Super Dry to 1.5 million cases in five years from 600,000 cases in 1993.

NEC To Build Semiconductor Factory in UK

OW2409063094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 21 Sep Evening Edition p1

[Text] NEC Corporation will construct a semiconductor factory in the UK to produce next-generation memory chips, including IC's (integrated circuits). Construction will begin by the spring of 1995, and NEC plans to partially start production in the second half of 1996. It is expected that the total construction cost will reach 90-100 billion yen. Following the construction of factories in Japan and the United States, after construction of the factory in the UK, NEC will be able to respond to demands for semiconductors in the European market. Another reason NEC decided to construct the factory is the fact that it will be able avoid the effect of the strong yen and that labor cost less in the UK. Toshiba Corporation is also planning to construct a new factory, whose production will be almost the same as that of the NEC plant, in Japan. The differences in the two companies' strategies regarding the next- generation IC's has become clear.

NEC Corporation has a semiconductor factory in Livingston City, Scotland. However, the new factory will be constructed near there. The company already purchased the land needed for the construction.

NEC introduced a cutting edge production facility, which is capable of printing circuit lines of 0.35 microns wide on a silicon wafer. The same company will produce mainly 64-megabit DRAM's (dynamic random access memory), which are believed to be a major next-generation memory chip, and logic IC's at the new factory, which will be capable of treating 20,000 8-inch wafers a month. It is expected that the production scale at the new factory will be the same as that of the factory Toshiba Corporation will construct at Yokkaichi-City.

In addition to the UK, NEC has main semiconductor mass production strongholds in Kyushu and California. Although the factories in Kyushyu and the United States are cutting edge facilities, the factory in UK is becoming a bit old. NEC will compete against Toshiba and Samsung Electric Corporation, which is said to be the largest memory chip maker in the world, by constructing the ultramodern facility in the UK.

NEC will distribute its factories all over the world as a way to deal with the strong yen and, at the same time, NEC plans to get along well with different regions and to ease frictions by promoting local production in different countries. This is a big difference in fundamental strategies betweeen NEC and Toshiba Corporation, which

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

aims to improve production efficiency by concentrating its major production strongholds in Japan.

Japanese, Russians Discuss Economic Ties

OW2609104394 Tokyo KYODO in English 1004 GMT 26 Sep 94

[Text] Sapporo, Sept. 26 KYODO—Japanese and Russian representatives from local governments, labor unions and companies gathered in Sapporo, northern Japan, on Monday [26 September] for a three-day meeting to discuss how to promote mutual friendship and economic exchanges.

The meeting, the sixth of its kind, includes about 250 Japanese officials mainly from Japan's northernmost island of Hokkaido and some 130 Russian officials from 11 provinces of Russia's three federations, organizers said.

The delegates are expected to exchange opinions on various issues including fisheries, trade and exchanges between local governments, they said.

Meanwhile, the Foreign Ministry said Monday that Japanese and Russian governors will meet in Niigata, a Japanese city along the Sea of Japan coast, for two days beginning on Nov. 8 to promote exchanges between Japan and the Russian Far East.

Sixteen Japanese governors and five Russian governors will attend the meeting, the ministry said.

Joint Military Drills With Russia, PRC Proposed

OW2809132294 Tokyo KYODO in English 1256 GMT 28 Sep 94

[Text] Tokyo, Sept. 28 KYODO—Japan should start joint drills with China and Russia for peacekeeping or rescue operations as part of its envisaged larger overseas roles, the top officer of the Self-Defense Forces (SDF) said Wednesday [28 September].

Gen. Tetsuya Nishimoto, SDF joint staff council chairman, made the remarks at a Tokyo hotel during a speech on Japan's participation in UN-led peacekeeping operations.

Japan should envisage joint drills with nearby military powers China and Russia for peacekeeping or search and rescue operations, Nishimoto said.

He also expressed a wish to exchange uniformed military personnel with the two countries as observers for such drills.

On disarmament, Nishimoto said it is important not to create a military vacuum in Asia because there are uncertain factors such as Russia's stability and developments on the Korean peninsula.

Nishimoto said after an international agreement on the use of chemical weapons takes effect in 1996, the SDF should dispose of remaining chemical weapons which the defunct Japanese Imperial Army left in China.

ODA White Paper Urges Taking Leadership Role

OW2909122194 Tokyo KYODO in English 0951 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Japan must take a leadership role if it is to prevent a decline in the overall amount of official development assistance (ODA) given by other developed countries, the Foreign Ministry said Thursday [29 September].

The ministry warned in its 1994 white paper on ODA that while this year marks the 40th year since Japan first emerged from its developing country status to embark on its ODA program as part of the Colombo Plan, there is a growing trend toward "aid fatigue" among developed nations.

The white paper says that of the 21 member nations of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development, Japan, which is now the world's largest ODA giver, was one of the only three that actually increased their ODA in 1993.

The 21 countries gave 54.79 billion dollars in ODA in 1993, a drop of 11 percent from 1992, the paper says. Of the amount, Japan provided 11.47 billlion dollars, up 1.3 percent from 1992.

Masafumi Kuroki, director of the research and programming division of the Foreign Ministry's Economic Cooperation Bureau, said it is for this reason that Japan considers it must now "take the initiative."

He cited the international conferences Japan hosted in 1993 on aid to African countries, Cambodia and Mongolia as examples of such initiative.

Although the paper identifies an increase in the number of Japanese nongovernmental organizations taking advantage of the government's ODA, the general public's understanding of the extent and nature of the ODA is still inadequate, Kuroki said.

"It is important to get the understanding of the Japanese people and get their support in giving ODA," he said.

Developing countries that are saddled with unfolding market economies, population and environmental problems or the spread of AIDS [acquired immune deficiency syndrome] are now expecting more assistance from Japan.

The white paper also says that in the light of its guidelines introduced in 1992, Japan continued to withhold ODA from Myanmar [Burma] and Haiti in 1993, but maintained diplomatic exchanges, particularly with Myanmar, in a bid to encourage the promotion of democracy.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

The guidelines state that a potential recipient country's arms exports, military spending, human rights record and democratic practices should be taken into account when considering disbursement.

Japan decided to suspend ODA to Nigeria in March 1994 because of a coup d'etat in November 1993 that resulted in the suspension of parliament and the banning of political assemblies.

Japan also decided last year to restart ODA to Kenya and Malawi because of a resumption of democratic practices, the white paper said.

Tokyo Provides Grant, Loan, Medical Assistance

Ukraine: $5 Million Medical Aid

OW2709000394 Tokyo KYODO in English 2325 GMT 26 Sep 94

[By Miu Oikawa Dieter]

[Text] New York, Sept. 26 KYODO—Japanese Foreign Minister Yohei Kono urged Ukraine on Monday [26 September] to join the Nuclear Nonproliferation Treaty (NPT) and establish a system of nuclear material controls, Japanese officials said.

Kono made the calls in a 35-minute meeting with Ukrainian Foreign Minister Hennadiy Udovenko at a hotel in New York.

Kono told Udovenko he hopes Ukraine will join the NPT as a nonnuclear country and join efforts to create a world without nuclear weapons, the officials said.

Udovenko told Kono that Ukraine is at a final stage in discussing possible NPT membership, and President Leonid Kuchma and the parliament are also deliberating upon the possible establishment of a system of nuciear material controls, they said.

Ukraine is one of the four Soviet republics that inherited nuclear weapons when the Soviet Union collapsed in 1991.

Kuchma's predecessor, leonid Kravchuk, pledged in January to join the nuclear pact aimed at preventing the spread of nuclear weapons and related technology, when Ukraine, Russia and the United States reached agreement on the disposal and transfer of nuclear weapons.

Kuchma said in August he hoped to put a motion before parliament calling for Ukraine to join the NPT and this motion may be submitted in October.

Kono gave high marks to Ukraine's drive to promote economic reforms and said Japan will provide its utmost cooperation in this respect, the officials said.

The Japanese foreign minister, who is in New York to attend the UN General Assembly, also pledged to extend Ukraine a total of 5 million dollars in medical assistance for the victims of the 1986 chernobyl nuclear reactor accident, they said.

Kono also urged Ukraine to close down the Chernobyl reactors as soon as possible.

He added Japan is considering offering technical aid to Ukraine to assist its efforts to shift toward a market-oriented economy.

Udovenko expressed gratitude for the Japanese aid and said Ukraine will cooperate so that the Japanese assistance can be extended as planned.

Also during the meeting, Kono invited President Kuchma to visit Japan, the officials said.

Kono and Udovenko agreed to decide on the details of the proposed visit through diplomatic channels.

Kuchma took office in July after defeating Kravchuk. Kravchuk was Ukraine's first president after it became independent from the Soviet Union in 1991.

Thailand: 82.3 Billion Yen

OW2709090594 Tokyo KYODO in English 0829 GMT 27 Sep 94

[Text] Bangkok, Sept. 27 KYODO—Japan will grant Thailand an official development assistance (ODA) loan package worth 82.3 billion yen for six projects in infrastructure and human resources development, the Japanese Embassy in bangkok said Tuesday [27 September].

The Thai finance minister and the Japanese ambassador to Thailand will officially sign the exchange of notes on the 19th loan package in Bangkok on Wednesday.

In 1968, Thailand received its first yen loan from Japan, which has so far has extended 1.2 trillion yen, according to a statement from the embassy.

Hungary: 4,914 Million Yen

OW2909122594 Tokyo KYODO in English 1116 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Japan has agreed to extend a 4,914 million yen loan to Hungary—its first loan to that country, the government said Thursday [29 September].

Representatives of the two governments will exchange notes in Tokyo on Monday confirming their agreement.

The Japanese Government will help finance an environmental improvement project in Hungary's second largest heavy and chemical industries center on Lake Balaton in the western part of the country.

The project calls for improving water supply and sewage systems, and coal-burning heating systems common to the region.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Pakistan: 1.1 Billion Yen

OW2709161994 Tokyo KYODO in English 1447 GMT 27 Sep 94

[Text] Islamabad, Sept. 27 KYODO—Japan will provide a 1.1 billion yen grant to Pakistan for the purchase of agricultural machinery under an agreement signed Tuesday [27 September].

The agreement was signed by Japanese Ambassador Kunio Muraoka and Pakistani Secretary for Economic Affairs Aftab Ahmad Khan.

Under the agreement, Japan will provide agricultural machinery and land-leveling equipment to Pakistan, which will subsequently sell the gear to use local currency thus obtained for agricultural development projects.

Japan has previously provided 36.35 billion yen to pakistan under a grant aid scheme.

'Comfort Women' Stage Hunger Strike Outside Diet

OW2909061794 Tokyo KYODO in English 0451 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Four South Korean women who said they were forced to provide sex for Japanese soldiers during World War II began a two-day hunger strike Thursday [29 September] in front of the Diet building to protest the Japanese Government's failure to compensate them.

The women, who were so-called "comfort women" during the war, said Japan should not seek permanent membership of the U.N. Security Council without redressing its war victims.

Another two South Korean women who are bereaved family members of war victims and six Japanese supporters joined the action in front of a central Tokyo facility for visitors to the House of Representatives lawmakers.

The strike participants criticized the Japanese Government's war compensation program to fund 10 billion yen in the next 10 years to promote historical education and job training for women in Asia.

Japan should apologize to individual war victims and compensate them, they said, saying the war victims would not get even a penny under the program.

They demanded Prime Minister Tomiichi Murayama clarify why Japan would not compensate individuals, decide to pay war compensation for foreigners and carry out all necessary war redress by next year, the 50th anniversary of Japan's surrender in the war.

The six Korean women included Kim Hak-sun, 69, one of the former comfort women, who has filed a lawsuit against the Japanese Government to demand compensation, and Yang Sun-im, 50, a leader of the Association of Bereaved Families of Pacific War Victims, a South Korean citizens group.

An estimated 100,000 to 200,000 women were sent to frontline brothels during the war to provide sex for the defunct Japanese Imperial Army. Most of the women were brought from the Korean peninsula which was under Japanese colonial rule between 1910 and 1945, according to some historians.

Editorial Urges Openness in Administration

942A0737A Tokyo ASAHI SHIMBUN in Japanese 26 Sep 94 p 5

[Editorial: "Utilize Administrative Procedures Law To Bring Transparency to Government Processes"]

[Text] "Work performed by this company is geared to a permit-application system and delays in the processing of permit applications adversely affect project schedules and disrupt the orderly flow of revenues and expenditures. We do not foresee a sudden change in government processes, but we would like to perform a thorough study of the problem areas and use the results of the study in future negotiations with the government."

A major general contractors located in Tokyo invited officials of the Management and Coordination Agency and held an orientation for their benefit, in anticipation of the implementation of the Administrative Procedures Law on 1 October. The above quote is a summary of the speech made by a company representative.

Even in the short statement made by the company representative, one gets a glimpse of the private sector's dissatisfaction with the complex government permit system and administrative guidance system and notes skepticism about the potential birth of a transparent and fair government.

The purpose of the Administrative Procedures Law is to provide fairness and transparency in government operations by clarifying processing standards for permits and prescribing the standard processing time from submission of an application through its approval or disapproval. Further, provisions are made so that administrative guidance is not accompanied by undue pressure based on permit-issuing authority and so that administrative guidance can be requested in writing.

The new law should prevent pigeonholing or shelving of permit applications and the clarification of administrative guidance, but only if the law is implemented faithfully. Implementation of the law as anticipated will require the resolve and determination to establish fair and transparent government by both government agencies and the public and business sector.

A controversy has been created by Minister of Transportation Shizuka Kamei's statement threatening retaliatory

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

action in connection with future permit applications in connection with the proposed employment of temporary flight attendants. Typical infractions of this kind concerning the new Administrative Procedures Law are rare. The reason is that administrative guidance is normally issued in a more clever and routine manner. Ridding the bureaucracy of such undesirable habits will not be an easy task.

When viewing the new law, one will note that many passages contain the phrase, "an effort will be made." Even the provisions on standard processing times from permit application to the issuance of a decision are not mandatory. Additionally, the degree of detail to be provided in publishing processing standards has been made a matter of discretion by the concerned government agency.

That being the case, there will be substantial differences in effectiveness for individual provisions of the law depending on the manner in which they are enforced. Accordingly, emphasis must be given to surveillance by public and industry sources. Enforcing the spirit of the law and exercising industry rights will represent the first step toward eliminating collusion and adhesion.

As an example, provisions on written administrative guidance stipulate "when written guidance is requested" and "as long as no special administrative issues are posed." If industry sources retain the erstwhile attitude that "we'll become the target of government retaliation if we ask for written guidance" and make no attempt to exercise their newly won prerogatives, we will fail to realize any progress.

Industry should request that administrative guidance be issued in writing in each case as a way to eliminate abuses in the issuance of guidance. The movement to request guidance in writing should not be handled solely on an individual case-by-case basis but on the part of industry as a whole.

The law has no punitive provisions nor does it cover remedial measures. As a future agenda item, we would like to consideration given to establishment of a third-party agency to allow expeditious handling of appeals.

If a government agency takes inappropriate action, industry must exercise the will to institute administrative grievance procedures or administrative litigation actions. However, current systems covering such procedures are said to place government agencies in an excessively dominant position. Reviews must be made of such systems and, in the interim, we should expand the use of the Management and Coordination Agency's government consultation system.

Curtailment of permit-issuing authority is a basic issue in government reform. The Management and Coordination Agency needs to undertake a project to seek major cuts in permit-issuing authority based on the results of the survey scheduled to evaluate enforcement of the new law.

Further, the pending Information Disclosure Law will be indispensable in ensuring fair and transparent government. Government must not hesitate to undertake changes which are appropriate for the age of reform.

* LDP Factions Recast as Policy Groups

942A0678A Tokyo SHUKAN JIJI in Japanese 27 Aug 94 p 115

[Text] Although the Liberal Democratic Party [LDP] has regained government power, LDP factions continue to lose significance. Dissolution of factions, seen in actions such as the pending proposal by the LDP reform headquarters to close the faction offices by yearend, is the "most important issue" concerning improvement of the party's status. Further, the introduction of the small electoral district system in the House of Representatives has led to the situation in which factions have diminishing merit for Diet members and factions face a crisis of virtual dissolution.

As if to respond to such changes, each faction has been recasting itself as a policy group ever since the Hosokawa administration was established in the summer of last year.

The Obuchi faction has vacated Sabo Hall, which it had been using since the former Tanaka and Takeshita faction days, and has changed the name of its faction from "Keiseikai" to "Heisei Political Research Group." The Mitsuzuka faction has organized itself into seven committees that are operating continuously as study groups.

The viewpoint has been expressed that such apparent changes are being used as a device to avoid criticism of factions, but in reality represent the advancing "internal collapse" of factions.

During the recent elections for nomination of a prime minister, the Watanabe faction led by former Foreign Minister Watanabe and others voted for former Prime Minister Kaifu in violation of LDP party decisions, while former faction leader and Prime Minister Nakasone and other officials joined the "rebel group," bringing faction activities to a virtual standstill. At the Komoto faction, spreading uneasiness prevails concerning the future of the faction because former state minister Komoto has been in an out of the hospital and former Prime Minister Kaifu has resigned from the LDP.

Even at the Mitsuzuka faction, many members had left the LDP to form the New Party Sakigake [Harbinger], while in the spring of this year, five members of the Mitsuzuka faction, including Michihiko Kano, left the LDP to form the New Party Mirai [Future]. Such developments reflect a decline in the influence exercised by Mitsuzuka.

The traditional annual summer study sessions have been suspended at all factions ever since the LDP became a

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

part of the opposition camp last year. According to an LDP official, reality is such that factions have no choice but "to transform themselves into policy groups," instead of serving as a "device."

Noboru Takeshita Wins Back LDP Membership

OW2809130794 Tokyo KYODO in English 1215 GMT 28 Sep 94

[Text] Tokyo, Sept. 28 KYODO—Former Prime Minister Noboru Takeshita regained parliamentary affiliation with the Liberal Democratic Party (LDP) on Wednesday [28 September] after more than a year of absence following his alleged role in a huge money-and-mob scandal that jolted Japanese politics in 1992-1993.

The LDP, the largest contingent in the tripartite coalition government, notified the House of Representatives secretariat of the return of Takeshita, an LDP member, to an LDP-led parliamentary group, party officials said.

Takeshita, 70, whose name was linked to the Tokyo Sagawa Kyubin scandal, was alleged to have become prime minister in 1987 with the help of the late leader of an underworld organization.

He denied the allegations in testimonies in three appearances in the Diet.

He declined to be an official candidate of the LDP in the general election in July 1993 and ran as an independent to prevent his alleged link to the scandal from affecting his party in the poll.

After the election, the LDP leadership decided to entice Takeshita back into its parliamentary fold. But the former premier did not join the LDP-led parliamentary group in the face of a barrage of criticism from junior party members.

With Takeshita's return, the LDP boosted its strength in the 511-seat lower house to 201, compared with 73 for the Social Democratic Party [of Japan] (SDP), 187 for Kaikaku (Reform), 21 for New Party Sakigake [Harbinger], 15 for the Japanese Communist Party, four for the Democratic New Party Club, eight independents and two vacancies.

Table Provides Relative Strength of Parties

OW2809074594 Tokyo KYODO in English 0510 GMT 28 Sep 94

[Text] Tokyo, Sept. 28 KYODO—The following is a table of party strength in both houses of the Diet following the formation of new parliamentary groups in the Lower House on Wednesday [28 September]:

House of Representatives		House of Councillors	
Ruling Coalition			
LDP [Liberal Democratic Party]	200	LDP	95
SDP [Social Democratic Party]	73	SDP	68
New Party [Sakigake: Harbinger]	21		
Opposition			
Kaikaku (Reform)	187		
JCP [Japan Communist Party]	15	Shin Ryokufu Kai	39
New Democratic Club	4	Komeito	24
		JCP	.11
		Niin Club	5
		Goken Liberal No Kai	5
Independents	9	Independents	6
Vacancies	2	Vacancies	0
Total	511	Total	22

[Party figures for Upper House as received total 253]

Note: Kaikaku (Reform) consists of Shinseito (62), Komeito [Clean Government Party] (52), the Japan New Party (29), the Democratic Socialist Party, or DSP, (19), the Liberal Party (7), New Party Mirai (5) and 13 others. New Democratic Club consists of four JNP members.

Shin Ryokufu Kai groups Shinseito (13), the Democratic Reform Party (11), the DSP (8), the JNP (4), the Sports Peace Party (2) and another.

The Goken Liberal No Kai consists of members who quit or were expelled from the SDP [Social Democratic Party of Japan—SDPJ].

The ruling coalition comprises the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake.

Foreign Expansion of Financial Firms Reported

Banks Expand Overseas Bases

942A0612A Tokyo KINYU ZAISEI JIJO in Japanese 8 Aug 94 pp 69-72

[First of two articles on "Japanese and Foreign Banks, Securities Firms in Domestic Japanese and Foreign Markets," by Ministry of Finance, Banking Bureau official Yuji Jitsunobu]

[Text] *Several new foreign banks are expected to enter the Japanese market in the near future. Thus, although no new banks entered last year, it is too early to say a ceiling has been reached. Japanese banks are continuing to enter overseas markets, especially Asian markets like China, Hong Kong, Thailand, Malaysia, and Vietnam. Efforts to rationalize overseas operating bases are also proceeding apace, and there has been a move to eliminate not only resident offices but also bank branches.*

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owners.

Foreign Banks

As of the end of June 1994, there were 141 foreign branches in Japan, representing 88 foreign banks. This was two banks and four branches fewer than the year before.

This drop in numbers was due to no new branches having been established since the beginning of the reporting year in July 1993; on the contrary, four branches had been eliminated. There was also attrition in the local offices [*shutchojo*] of foreign banks; although one had been set up, three others had been eliminated. Five representative offices had also been newly set up, and six had been eliminated. Thus, in each of these cases, more offices were closed than established. Clearly, as of the end of the reporting period, there were fewer foreign bank branches and offices in Japan than the year before. As of 10 July, however, three foreign banks had finished applying for approval to establish branch banks, and they are now in the process of setting them up. Therefore, it would be premature to take the figures as of 30 June as an indication of a trend toward fewer foreign banks in Japan.

Among the closures, one branch, whose parent bank was bought out, was closed in order to eliminate duplication. Another bank, reevaluating its operations in Asia, eliminated one branch (thus withdrawing its presence in Japan). A third bank, which had several branches in Japan, closed two of them after reevaluating its operations here. Except for the case where the parent bank was bought out, the closures stem from efforts by foreign banks to rationalize their overall operations and reduce costs. Another trend in rationalizing bank operations has been for banks to move to lower rent locations and to eliminate branch and representative offices.

In the management of foreign banks, we see that among those with only a few branch offices, a large percentage of the funds that are raised are marketable funds. In many cases, besides what is raised from the head office overseas, their fundraising is based on call money and loans and deposits from financial institutions. Loans, branch accounts, and call money play a central role for these banks in terms of their investments. Again, a conspicuous feature of many foreign banks is that they are reducing their total assets. (Overall, total assets dropped from 26.4454 trillion yen the year before to 23.1743 trillion yen, as of 31 March 1994. Total assets for seven of the 10 leading foreign banks were down from the year before.)

However, because many foreign banks, in addition to dealing in funds and foreign exchange, concentrate on off-balance transactions such as options, swaps, and other financial derivatives, a reduction in total assets is not necessarily an indication that they have cut back on their services.

Lower Earnings, Higher Profits in FY93

Although the current earnings of foreign banks dropped 1.6 percent from the previous year to 2.848 trillion yen at the close of their March 1993 accounting period, there was a slight improvement in current profits (4.2 percent), which reached 47 billion yen. Current profits for 23 of the banks were down.

Japanese Banks

New Overseas Bases Are Primarily in Asia

By the end of June 1994, 57 Japanese banks had set up 367 overseas branches and 372 local subsidiaries (in which the parent company held over a 50-percent interest). These numbers have been growing slowly but steadily.

Most of the new bases that have been set up since July of last year have been in Asia—namely, China, Hong Kong, Thailand, Malaysia, and Vietnam.

In China, Japanese banks have shown an especially strong interest in Shanghai and Dairen. One branch bank and representative office was established in Shanghai and two branches in Dairen. A branch bank and business office were also set up in Guangzhou.

Four branches and an office were established in Hong Kong, primarily by regional and second-tier regional banks. As of the end of June 1994, Japanese banks had set up 43 branches, 23 local offices [*shutchojo*], 26 business offices, and 47 local subsidiaries, making Hong Kong second only to the United States as an overseas operating base for Japanese banks. A succession of Japanese banks have also entered Malaysia and Thailand since their markets were thrown open to foreign banks following the decision by local authorities to institute offshore banking.

In effect, foreign banks must go through Labuan if they want to do business in Malaysia since the central bank only grants approvals to banks going through this route. This approval process applies to guarantees as well as loans from nonresidents. As part of its policy to build up the infrastructure of Labuan, the Government of Malaysia recognizes local offices [*shutchojo*], in Kuala Lumpur in conjunction with the establishment of branches in Labuan. Thus, at the same time that Japanese banks have set up branches, they have also established these local offices. Eight banks have all together set up eight branches and eight local offices in Malaysia.

In Bangkok, three branches and two business offices have been newly established. This was made possible when the Thai Government decided to institute offshore banking in 1992. During this initial stage, the number of foreign banks have been restricted. The second stage in the government's efforts to open its markets is now being awaited.

Progress has also been shown since July 1993 in setting up representative offices in Ho Chi Minh City. As of 30

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owners.

June 1994, seven Japanese banks had set up a total of seven offices in the last year.

Although Japanese banks have been very active in entering the U.S. and European markets, they are now reevaluating their bases there as a step toward rationalizing operations. Representative offices are being reevaluated much more strictly than before. For example, banks are continuing to eliminate their representative offices in places like Zurich and Frankfurt because they are no longer being used or their operations can be replaced by neighboring bases. Although the elimination of branch banks has been rare until now, as part of an overall effort to rationalize branch operations, some six branches, including three in New York, have been eliminated in total.

While Japanese banks are rationalizing bases, including their representative offices, they are also jumping at the opportunity to enter new markets as they open. As was the case in the long-awaited opening of markets in Labuan, Bangkok, and Ho Chi Minh City, this type of quick, simultaneous reaction on the part of Japanese banks has become characteristic of them in recent times.

In the past, foreign banks, including those from Japan, were not allowed to set up local subsidiaries and branches in Mexico. However, with the NAFTA [North American Free Trade Agreement] agreement in January 1994, the way has been opened for them to establish local subsidiaries anywhere within the NAFTA bloc (from the perspective of the parent bank, these are second-generation subsidiaries, or the subsidiaries of subsidiaries), and in Mexico, too, the conditions are now ready for foreign banks to enter.

Although Japanese banks have wanted to set up direct branches, they are now looking into the possibility of these second-generation subsidiaries (for example, by having local subsidiaries in the United States set up Mexican subsidiaries). Behind their desire to enter this market is the growing presence of Japanese corporations in Mexico as well as its membership in OECD and its expanding, stable economy.

Table 1. Mutual Entry of Japanese and Foreign Banks in Local Markets (as of 30 June 1994)

Region/ Country[1]	Japanese Banks Entering Foreign Markets					Foreign Banks Entering Japanese Market				
	Banks[2]	Branches[3]	Local Subsidiaries[4]	Representative Offices	Total	Banks	Branches	Local Subsidiaries	Representative Offices	Total
North America										
United States	52	132	93	38	263	16	39	6	10	55
Canada	10		10	7	17	5	6		1	7
Central, South America										
Mexico				16	16				5	5
Brazil	12		15	14	29	2	2		1	3
Argentina	1	1		4	5				1	1
Others	3	3	1	7	11					
Europe										
England	29	28	32	21	81	6	7	1	12	20
Italy	8	8	3	2	13	4	4		4	8
Austria	1	1		5	6				2	2
France	10	10	2	5	17	7	11		8	19
Belgium	18	6	13	2	21				1	1
Luxembourg	7		9		9				2	2
Germany	14	15	19	20	54	10	12		7	19
Switzerland	21		22	2	24	3	3	2	11	16
Spain	9	13	1	2	16	3	3		5	8
Portugal	1	1		2	3					
Russia				2	2					
Others	3		4	2	6	1	1		10	11

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Table 1. Mutual Entry of Japanese and Foreign Banks in Local Markets (as of 30 June 1994) (Continued)

Region/ Country[1]	Japanese Banks Entering Foreign Markets					Foreign Banks Entering Japanese Market				
	Banks[2]	Branches[3]	Local Subsidiaries[4]	Representative Offices	Total	Banks	Branches	Local Subsidiaries	Representative Offices	Total
Middle East										
Turkey	1		1	2	3				2	2
Iran				5	5				1	1
Egypt				2	2					
Bahrain	2	1	1	8	10				1	1
Others				1	1				1	1
Asia										
Pakistan	1	1			1	1	2			2
India	3	5		4	9	2	4			4
Malaysia	10	11		12	23	1	1			1
Singapore	21	21	25	6	52	4	7		1	8
Indonesia	11	1	13	15	29	2	2		1	3
Thailand	8	8	1	11	20	1	2			2
Taiwan	2	3		1	4	2	3		3	6
Hong Kong	45	43	47	26	116	1	3		2	5
Philippines	1	1		5	6				3	3
South Korea	14	15		9	24	10	19		8	27
China	11	18		53	71	1	2		6	8
Others				8	8					
Oceania										
Australia	19		19	25	44	4	5		3	8
New Zealand				1	1				1	
Africa				2	2					
Other (Caymans, etc.)	22	18	32		50					
Total	57	367	372	352	1,091	88	141	9	115	265

Notes: 1. Country/region indicates location of operating base or origin of parent bank.
2. Number of banks that have established branches and/or subsidiaries.
3. Not included in this category are local offices set up by foreign firms [*shutchojo*].
4. Subsidiary corporations which are established under local laws and in which the parent company holds more than a 50-percent interest.

Table 2. Distribution of Foreign Bank Branches in Japan (as of 30 June 1994)

	Tokyo	Tokyo's 23 Wards	Yokohama	Chiba	Nagoya	Osaka	Kobe	Fukuoka	Total
North America	34	33	1	1	1	7	1		45
Europe	36	36			1	7			44
Asia	25	25	1		1	17		1	45
Central, South America	2	2							2
Oceania	4	4				1			5
Total	101	100	2	1	3	32	1	1	141

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owner(s).

Thoroughgoing Risk Management

As foreign banks enter local markets, two problems arise. First of all, it is important that the welcome mat is out and that they are ensured the same treatment as domestic banks are afforded. On the other hand, it is also necessary to ensure that these financial institutions are being soundly managed. Besides a timely and accurate understanding of their management situation, cooperation between the local authorities concerned [in both the host and parent countries] and their close mutual contact with each other in routine matters as well as through bilateral financial conferences is extremely important.

As indicated in the report released in July 1992 by the Basel Supervisory Council on Banks, titled "Minimum Standards for Supervising Overseas Operating Bases and Banking Groups Engaged in International Business," as banks continue to enter each other's markets, adequate standards and cooperation between local authorities are absolutely indispensable.

Second, as Japanese banks develop international banking services, it is important that, rather than simply expand their services, they also try to stabilize their earnings and institute a thorough system of risk management with regard to credit, interest rates, and foreign currency exchange.

Thus, for the authorities concerned, it will be very important in supervising overseas operating bases to clarify their responsibilities and also closely scrutinize the business operations of the banks under their charge. Banks, on the other hand, must give careful attention to the soundness of their operations by instituting a thoroughgoing system of risk management.

Table 3. Deposits, Loans of Foreign Banks in Japan

(Units: 100 million yen, percent)

Fiscal Year	Deposits (including CD's)			Loans		
	All Banks (A)	Foreign Banks in Japan (B)	B/A (/%)	All Banks (C)	Foreign Banks in Japan (D)	D/C (/%)
1982	2,473,607	19,746	0.80	2,424,765	55,482	2.29
1986	2,719,489	21,764	0.80	2,743,049	56,016	2.04
1987	3,062,758	22,149	0.72	3,074,898	70,010	2.28
1988	3,417,461	35,454	1.04	3,400,646	64,058	1.88
1989	3,822,906	55,445	1.45	3,797,320	103,594	2.73
1990	4,033,913	52,348	1.30	3,981,101	122,277	3.07
1991	3,897,902	52,383	1.34	4,102,695	107,657	2.62
1992	3,850,753	46,935	1.22	4,217,300	98,399	2.33
1993	3,934,754	44,359	1.13	4,235,497	77,946	1.84

Note: Loan and deposit totals in columns headed "All Banks" are based on the accounts of domestic bank branches (excluding second-tier regional banks).

Source: Bank of Japan, *Keizai tokei geppo*; figures for foreign banks are based on yearend financial statements)

Table 4. Assets, Liabilities of Foreign Banks in Japan

(Units: 100 million yen, percent)

	31 March 1989	Change From Previous Fiscal Year (/%)	31 March 1990	Change From Previous Fiscal Year (/%)	31 March 1991	Change From Previous Fiscal Year (/%)	31 March 1992	Change From Previous Fiscal Year (/%)	31 March 1993	Change From Previous Fiscal Year (/%)
Cash, Deposits	57,590	24.8	58,955	2.4	51,243	-13.1	38,991	-23.9	40,969	5.1
Call Loans	20,756	2.8	25,511	22.9	19,662	-22.9	25,233	28.3	19,442	-23.0
Securities	13,051	23.1	15,314	17.3	17,886	16.8	22,170	24.0	21,549	-2.8
Loans	64,058	-8.5	103,594	61.7	122,278	18.0	107,657	-12.0	98,399	-8.6
Foreign Exchange	5,329	24.0	4,746	-10.9	5,376	13.3	6,300	17.2	7,204	14.3
Other	57,799	44.3	71,124	23.1	81,255	14.2	79,279	-2.4	76,911	-3.0
Total	218,583	14.3	279,244	27.8	297,700	6.6	279,630	-6.1	264,454	-5.4

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copyright owners.

Table 4. Assets, Liabilities of Foreign Banks in Japan (Continued)

(Units: 100 million yen, percent)

	31 March 1989	Change From Previous Fiscal Year (/%)	31 March 1990	Change From Previous Fiscal Year (/%)	31 March 1991	Change From Previous Fiscal Year (/%)	31 March 1992	Change From Previous Fiscal Year (/%)	31 March 1993	Change From Previous Fiscal Year (/%)
Deposits	33,724	58.4	52,585	55.9	49,938	-5.0	51,547	3.2	46,210	-10.4
Certificates of Deposit	1,729	102.0	2,859	65.4	2,410	-15.7	837	-65.3	725	-13.4
Call Money	56,624	-13.5	59.259	4.7	56,546	-4.6	61,574	8.9	66,400	7.8
Loan Money	22,314	-0.2	28,272	26.7	31,468	11.3	26,866	-14.6	24,113	-10.2
Foreign Exchange	1,596	68.2	714	-55.3	800	12.0	826	3.3	610	-26.2
Branch Accounts	79,708	32.8	104,676	31.3	110.966	6.0	104,376	-5.9	96,199	-7.8
Other	22,888	12.5	30,879	34.9	45,572	47.6	33,604	-26.3	30,197	-10.1
Number of Foreign Banks in Japan	83 Banks, 120 Branches		82 Banks, 122 Branches		87 Banks, 134 Branches		88 Banks, 140 Branches		89 Banks, 143 Branches	

Mutual Entry of Securities Firms

942A0612B Tokyo KINYU ZAISEI JIJO in Japanese 8 Aug 94 pp 73-75

[Second of two articles on "Japanese and Foreign Banks, Securities Firms in Domestic Japanese and Foreign Markets," by Ministry of Finance Securities Bureau official, Kenta Ishikawa]

[Text] *The entry of foreign securities firms into the Japanese market is proceeding in good order. As of the end of June, 48 firms had established a total of 65 branches in Japan. Due to the recovery in the securities market, substantially more foreign firms were operating in the black at the end of FY93 than the year before. On the other hand, due to reorganization, the number of Japanese overseas operating bases declined from 237 to 227. The earnings of local subsidiaries showed the first significant improvement in over four years.*

Foreign Securities Firms

48 Firms, 65 Branches

Recognizing their contribution to the internationalization of Japan's securities market, government authorities have responded aggressively in the past to demands by foreign firms to enter the Japanese market. As of the end of June of this year, the number of foreign securities firms represented in Japan had climbed to 48. Coming from eight different countries, they were represented by 65 branch firms, set up under the Law Pertaining to Foreign Securities Dealers (hereafter, Foreign Securities Law). (See Table 1 for the number of foreign firms and branches in Japan each year for the past decade and Table 2 for a breakdown of the 48 firms by country of origin).

Table 1. Foreign Securities Firms in Japan

	Number of Firms	Number of Branches
1985 (as of 31 December)	20	22
1986 (as of 31 December)	34	36
1987	44	47
1988	47	51
1989	51	57
1990	52	61
1991	50	65
1992	49	66
1993	48	64
1994 (as of 30 June)	48	65

Table 2. Licenses Granted to Foreign Securities Firms (Breakdown by Country Based on Capital Ownership)

United States	18
Canada	1
England	14
Germany	6
France	5

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Table 2. Licenses Granted to Foreign Securities Firms (Breakdown by Country Based on Capital Ownership) (Continued)

Switzerland	2
Netherlands	1
Korea	1
Total	48

As Table 1 indicates, at one point foreign dealers were entering Japan at the rate of 10 or more new firms per year. This cycle, which has seen the entry of major foreign firms into Japan's market, is winding down, and in recent years, we have seen a drop in the number of firms seeking approval to enter. For various reasons—in some cases, there has been a drop in the earning power of branches or changes in corporate strategy—foreign firms have also cut the size their local network of branch offices.

Over the past year, while one firm left Japan and another eliminated three regional branches, one new firm entered and three others, already in Japan, each set up branches in Osaka, raising the number of companies that now have more than one branch in Japan to 16. Of the branch offices located outside of Tokyo (17), almost all (16) are concentrated in Osaka. Options and futures, which make up a relatively high percentage of the business of these Osaka branches, started being traded on the Osaka Securities Exchange this February.

Since December 1985, U.S. commercial banks and foreign securities dealers affiliated with universal banks in Europe, which deal both in securities and banking, have been permitted, under the Foreign Securities Law, to set up local securities subsidiaries in which the parent company has a 50 percent or less interest (the so-called 50-percent rule). With the financial system reforms instituted in April 1993, domestic banks, too, are now able to enter the securities business through subsidiary companies. Given this development, foreign financial institutions now have a broader choice as to how they will enter Japan's market. These may enter as: 1) the branch of an overseas subsidiary in which full (over 50 percent) interest is held by a foreign bank; 2) as a domestic securities subsidiary (established according to the Foreign Securities Law) in which full (over 50 percent) interest is held by a foreign bank; or 3) as the branch of an overseas subsidiary, following the old "50-percent rule."

In the wake of this recent regulation, there seems to be a move among European-affiliated foreign securities firms—those whose parent companies are universal banks—to raise the parent company's share in a subsidiary that has already been established in Japan under the old 50-percent rule to 100 percent, giving it full interest, thus changing the capital equity relationship between parent and subsidiary (as of 30 June one company had completed this conversion).

A notification of establishment must be submitted to the government under the Foreign Securities Law when foreign firms that have not received approval to establish branch offices want to set up a representative office with the sole intent to gather and provide information about domestic and foreign securities. There are 91 such representative offices, which have been set up by firms from 21 countries (see Table 3).

Table 3. Entry of Foreign Securities Firms Through Representative Offices (Breakdown by Country)

United States	14 (companies)
England	10
Germany	4
France	6
Switzerland	8
Other	49
Total	91

Rebound in Current Profits, Firms in the Black

Despite the downturn in the domestic market from 1990, substantial profits were seen by a number of U.S. and French affiliates who were active in swaps and futures trading. Thus, some 21 firms (out of 52) were operating in the black (based on ordinary profits and losses) in FY90, and 27 (out of 50) in FY91. However, this ratio dropped to 19 (out of 49) in FY92, reflecting market conditions, which had reached bottom at this point, and the slowdown in business generally experienced by firms whose revenues were heavily dependent on commissions. In FY93, 32 firms (out of 48) were operating in the black, reflecting a rebound in the domestic market. Reflected in these figures were the higher profits from bond transactions that some U.S.-affiliated firms earned and also a recovery in earnings, primarily among English affiliates that have relied mainly on commodity commission orders from overseas.

Thus, despite bearish market conditions, foreign firms in Japan were able to avoid heavy losses. Among the reasons, foreign firms were characteristically able to streamline their operations by automatically cutting back on personnel and office expenses; by relying on proportionately higher transactions with nonresidents, thus buffering themselves against the chill that hit domestic investors; and by developing efficient management systems.

A look at the breakdown of expenses and revenue in FY93 shows that, under the operating revenues section, securities firms did well in terms of stock commissions, thus raising revenues as a whole. Higher revenues were also due to higher profits in the dealer section from the sale and purchase of bonds. Higher operating expenses were due solely to higher costs associated with more active trading than the year before. Some companies had cumulative deficits, but it is anticipated that they will continue to try to further rationalize their costs.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Japanese Securities Firms

Reorganization of Bases Proceeds

Japanese securities firms rapidly increased their overseas operating bases in the second half of the 1980's as a result of more activity among investors of domestic and foreign securities and the increasing importance of the international market as a means of raising funds.

In more recent years, however, the establishment of new bases has fallen off sharply. Not only have parent companies had problems of their own due to the sluggish nature of Japan's securities market, the earnings of local subsidiaries have also been relatively sluggish. In addition to fewer new bases being established, firms have increasingly resorted to reorganizing existing bases in an attempt to rationalize their operations. In the past year, four firms have set up a total of four new local subsidiaries, two branches, and three representative offices; 14 firms, however, have also eliminated a total of 10 subsidiaries, one branch, and eight representative offices.

As a result, as of the end of June 1994, there were 227 Japanese overseas bases in 27 countries, representing 39 Japanese securities firms. This breaks down to 148 local subsidiaries, one branch, 23 locally incorporated branches, and 55 representative offices.

The status of these firms is as follows:

1. The "Big Four" Securities Firms

Plans to set up bases in North America, Europe, and Asia's principle markets are now almost complete. In recent years, instead of establishing new bases, firms have been focusing more on rationalizing the operations of existing bases. As part of this effort, bases have been reorganized, and those of lesser importance in each regional bloc have been eliminated or consolidated with other bases. Hoping to improve their capital investment ratios, firms have also been reassessing how their capital has been distributed among these different blocs.

Again, having reassessed their past reliance on Japanese stock orders, firms are now focusing their energies on business related to local products in an attempt to build up their operating bases. For example, they are establishing subsidiaries in the United States which will specialize in financial derivatives and are trying to gain membership in securities exchanges in Europe and Asia and qualify as market makers for government bonds. In order to penetrate local markets even further, they are also aggressively hiring local management personnel and by these and other such means to "localize" their bases.

2. Ten Second-Tier Firms

Here, too, firms have all but completed plans to set up their main bases (New York, London, Switzerland, and Hong Kong) and are now proceeding to establish bases in other regions. With the sluggishness of Japan's securities market, firms have moved to rationalize their operations, in part by promoting the merger and elimination of unprofitable and less important subsidiaries. A move has also been seen among firms to withdraw or downsize their presence in Switzerland, one of their four main bases, while aggressively investing in base facilities in Hong Kong due to the importance of Asia as part of their overseas strategy.

3. Other Firms

Other firms have established bases in London, Hong Kong, and elsewhere in order to develop their overseas operations, but they have few bases where steady profits are ensured. With the difficulties faced by their parent firms, many of them are also proceeding to eliminate existing bases.

First Growth in Profits in Four Years

After peaking in March 1990, earnings from overseas bases continued to decline for three straight years, finally breaking their fall, at least for awhile, in FY93, when firms finally saw a growth in profits.

As FY93 closed, the four major firms appeared to have freed themselves from the sluggishness of Japan's securities market. In addition to underwriting more Japanese corporate bonds overseas and thus increasing their revenue from underwriting fees, their earnings were also up due to the vigor of U.S. and Asian markets and they thus posted substantially higher profits than the year before.

Differences in earnings were influenced by the market for mortgage securities investments in the United States and the Eurobond underwriting market in England.

Over half of the smaller firms were operating in the black in FY93. Improved earnings were seen by the majority of the others. This improvement in their earnings situation was due in part to higher revenues accompanying the recovery in Japan's securities market. It was also the result of their cutting costs by rationalizing their operations, the direction in which every firm has been moving in recent years. Again, improved earnings were a reflection of the activeness of Asian stocks, which these smaller firms have also taken on.

MITI To License 6 Commodity Fund Service Firms

OW2909085794 Tokyo KYODO in English 0819 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—The Ministry of International Trade and Industry (MITI) said Thursday [29 September] it will license six investment companies to offer advisory services in investment management of commodity funds.

The step, the first in Japan, is designed to foster the domestic commodities futures market, MITI said,

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

noting Japanese commodities investors have put almost all of their money in overseas futures markets, especially in the United States.

A licensed advisory system for commodities investment is also intended to reduce investment risks involved in such investment, the ministry said.

The six licensed companies are Orix Commodities, Astmax, Okato Investment Management, Yutaka Futures, Kanetsu Toshi Komon and Tokyo General Fund Management.

The companies will be able to engage from Friday in discretionary management of customer accounts for management of commodities funds.

In Japan, 86 commodities funds with a combined value of 240 billion yen have already been established but investment management has been entrusted with foreign agents.

System To Set Rates on Postal Savings Approved

OW2709052294 Tokyo KYODO in English 0436 GMT 27 Sep 94

[Text] Tokyo, Sept. 27 KYODO—A government council recommended Tuesday [27 September] that a system proposed by the Postal Ministry for setting interest rates on ordinary postal savings should be adopted.

The recommendation is in line with the scheduled liberalization on Oct. 17 of interest rates on demand deposits, ministry officials said.

The Postal Services Council of the Ministry of Posts and Telecommunications also urged the ministry to offer a better service to holders of postal savings accounts when interest rates are liberalized as part of overall financial deregulation, the officials said.

Government Panel To Scrutinize Expenditures

OW2809092594 Tokyo KYODO in English 0830 GMT 28 Sep 94

[Text] Tokyo, Sept. 28 KYODO—The government panel on finance decided Wednesday [28 September] to hold hearings with ministries and agencies for the first time in nine years to discuss curtailing government expenditures, the head of the panel said.

Eiji Suzuki, chairman of the Finance System Council, an advisory body to the finance minister, said at a press conference, "we will sort out beforehand the themes to be tackled on cutting expenses and proceed with comprehensive hearings."

"The aim is to enhance the soundness of national finances," said Suzuki, an adviser to Mitsubishi Kasei Corp.

Referring to the nation's severe financial conditions, with outstanding public debts likely to top 200 trillion yen at the end of fiscal 1994, Suzuki stressed the need to strengthen the structure of national finances.

The 46-member council, consisting of six working groups, is to make recommendations for the fiscal 1995 budget following its deliberations.

Credit Associations Post Declining Profits

942A0610A Tokyo KINYU ZAISEI JIJO in Japanese 8 Aug 94 pp 144-147

[Article by Planning and Research Department, National Association of Credit Union Banks: "Analysis of Financial Institutions' FY93 Settlement of Accounts: Credit Union Banks Post Double-Digit Decline in Profits for Second Consecutive Year Because of Reduction in the Profit Margin for Interest"]

[Text] *The state of the FY93 settlement of accounts by 428 credit union banks throughout Japan record the lowest growth rate ever. Influenced by the long slump in business conditions, both liquid accounts and fixed-term accounts on the business volume (average balance) had low growth, and all savings from deposits increased only by 3.7 percent over the previous fiscal year. Furthermore, since demand for funds moved sluggishly, loans increased only by 2.8 percent—the lowest growth rate ever. In regard to the profit and loss situation, the decline in the cost of raising money lagged behind the decline in return on investments, so the profit margin on interest was reduced further. Consequently, there was a double-digit decline in business net profit for the second consecutive year and both ordinary profit and profit for the current period also posted double digit declines in two years.*

Main Accounts—Growth in Both Deposits and Loans Lowest Ever

As to deposit reserves (excluding transfer deposits), the average balance was 87.7983 trillion yen, an increase of 3.1434 trillion yen over the previous fiscal year. The rate of growth compared with the previous fiscal year was 3.7 percent, which set a new record for the lowest growth ever, declining a further 1.3 percentage points from the 5.0 percent of the previous fiscal year. It was low single-digit growth for the third consecutive year.

When we look at a breakdown of deposit reserves, in term-type deposits, unregulated-interest term deposits showed high growth, increasing by 25.5 percent reflecting the complete deregulation of term-deposit interest; however, because regulated-interest term deposits decreased, term deposits increased by 4.4 percent and term-type deposits as a whole increased by 4.3 percent, in both cases growth 1.6 percentage points below that of the previous fiscal year. Term reserves also grew by 3.5 percent, declining by 2.3 percentage points compared with the previous fiscal year (an increase of 5.8 percent).

Meanwhile, in liquid-type accounts, ordinary deposits showed tolerable growth, growing by 3.6 percent; however, because of a breakdown in bill liquidity caused by

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

deterioration of business conditions for customers who are small and medium-size companies, current deposits fell by 2.6 percent, declining for the third consecutive year. Consequently, although deposits as a whole increased by 2.3 percent, slightly surpassing the previous fiscal year, the growth rate continued to be low.

And the end-of-term balance for deposit reserves was 90.4181 trillion yen, the first time the end-of-term balance reached the 90 trillion yen level, a growth rate of 3.4 percent compared with the end of the previous fiscal year (3.3 percent if the portion for the former Kamaishi Credit Union Bank is included in the balance at the end of the previous fiscal year), surpassing the growth rate for the previous fiscal year by 0.2 percentage points.

When we look at the end-of-term balance for term deposits by type, unregulated-interest term deposits (excluding offshore accounts) showed high growth, increasing by 43.0 percent over the end of the previous fiscal year; however, general term deposits, the interest for which is regulated (a 78.0 percent decline), and designated-date fixed-term deposits (a 20.0 decline) both declined. If we further examine the regulated-interest designated-date fixed-term deposits according to the term for which the money will have been deposited as of the end of the term, the "two years or longer" for which the applicable interest exceeds 5 percent is 8.2407 trillion yen, so virtually none of the 8.6428 trillion yen "between one and two year" deposits at the end of the previous fiscal year were canceled.

Meanwhile, because of a slowdown in plant and equipment investment and a slump in personal consumption, the demand for funds by customers, small and medium-size companies, has been at a low level; therefore, the trend toward slower growth has also intensified for loans.

The average balance for loans was 64.5111 trillion yen, a 1.7812 trillion yen increase over the previous fiscal year, and the rate of growth compared with the previous fiscal year was 2.8 percent, less than the 4.6 percent growth of FY86. Thus, it set a new record for the lowest growth ever and also a low single-digit growth rate for the third consecutive year. When we look at a breakdown, while discounted bills and loans on bills both declined, with the discounted bills down by 9.7 percent and the loans on bills down by 1.6 percent, loans on deeds and overdrafts continued to grow—loans on deeds by 6.0 percent and overdrafts by 5.0 percent. But their rate of growth compared with the previous fiscal year has begun to lose rapidly.

As discussed above, because the growth rate for the average balance of loans was, for the first time in five years, lower than the growth rate of the average balance of deposit reserves, the rate for the average balance of deposits and loans during term (including transfer-type deposits) was 73.41 percent, down 0.55 percentage points compared with the previous fiscal year.

Moreover, the end-of-term balance of loans was 66.1369 trillion yen, and the rate of growth compared with the end of the previous fiscal year was 2.3 percent (2.2 percent if the portion for the former Kamaishi Credit Union Bank is included in the balance for the end of the previous fiscal year); therefore, like the average balance, it was the lowest growth ever, falling below the previous fiscal year's 4.0 percentin.

When we look at the growth rate of the end-of-term balance of loans (excluding overdrafts) by business category, along with local public bodies (31.1 percent increase) and industries that provide electric power, gas, water, and heat (12.2 percent increase) growing by wide margins, the real estate, service, and construction industries showed healthy growth. On the other hand, such industries as finance, insurance, and mining declined.

Reflecting the low growth in loans, other kinds of investment of funds showed comparatively healthy growth. When we break it down by average balance, while money trusts and so on were 747.2 billion yen, 18.1 percent below the previous fiscal year, continuing the decline from the last fiscal year, loans to financial institutions were 3.4273 trillion yen, an increase of 6.4 percent, and deposits (excluding the portion without interest) came to 11.1294 trillion yen, an increase of 5.1 percent. Moreover, marketable securities, centered on corporate bonds and other securities, were 13.1185 trillion yen, an increase of 8.5 percent, so each came out to be comparatively high growth.

The Situation With Business Profit and Loss—Business Net Profit Has Double-Digit Decline for Second Consecutive Year

Business earnings were 5.1332 trillion yen, a decline of 587.6 billion yen, 10.3 percent.

When we look at a breakdown of business earnings, because of a leveling off of the balance of loans and a drop in yield, the interest on loans declined by 11.9 percent, continuing to decline by a broad margin. On the side of investment of funds, although interest and dividends on securities grew by 2.1 percent, interest on loans to financial institutions declined by 27.2 percent and interest on deposits declined by 21.2 percent, each declining by a wide margin; therefore, revenue from investment of funds came to 4.8521 trillion yen, a decrease of 11.5 percent. Furthermore, earning from service transactions was 152.6 billion yen, an increase of 7.2 percent. Because of growth in profit from sale of government bonds and other kinds of bonds, other business earnings came out to be 128.4 billion yen, an increase of 37.8 percent. Meanwhile, business expenditure was 4.6333 trillion yen, a decrease of 524.3 billion yen, 10.2 percent, from the previous fiscal year.

When we look at a breakdown of business expenditure, because of a decline of 16.8 percent in interest on deposits because of such things as lowering of interest on deposits accompanying revision of the official rate to the lowest level in history (1.75 percent), expenditure for raising funds came out to be 2.8283 trillion yen, a 17.0

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

percent decline. Moreover, expenditure for service transactions was 77.9 billion yen, a 5.5 percent increase. And as for other business expenditure, because of increases in loss on redemption of government and other bonds, and loss on sale and depreciation, it came out to be 80.9 billion yen, an increase of 20.9 percent. However, because of efforts to reduce expenditure, it did not exceed 1.6413 trillion yen, a 2.3 percent increase.

The result of the above was that in net business profit, which shows the profit from a financial institution's primary business, profit related to such bonds as government bonds grew, but the profit margin from interest grew still smaller. Therefore, net business profit did not exceed 524.3 billion yen, a decline of 75.6 billion yen, 12.6 percent, compared with the previous fiscal year, and it was a double-digit decline in profit for the second consecutive year.

Meanwhile, gross business profit, which is net profit plus expenditure and the amount transfered to reserve for uncollectable accounts, came out to be 2.1703 trillion yen, a decline of 1.8 percent from the previous fiscal year. When we look at the breakdown, while profit from funds (income and expenditure) declined by 3.2 percent, other business profit grew by 80.8 percent, and profit for service transactions and so on grew by 8.9 percent.

The Situation on Ordinary Profits—Amount for Redemption Increases by Wide Margin, Continuing on From Previous Fiscal Year

If we look at the aspect of extraordinary profit and loss, in extraordinary earnings, although profit from investment in money trusts and so on continued to decline, profits from sales such as corporate stock having increased greatly (42.1 billion yen, a 136.0 percent increase), it came out to be 96.9 billion yen, an increase of 19.2 percent over the previous fiscal year.

Meanwhile, extraordinary expenditure came to 219.7 billion yen, an increase of 12.6 percent over the preceding fiscal year. When we look at a breakdown, because in the market price of stock the average price of shares on the Tokyo Stock Exchange was 520 yen higher than in the previous fiscal year, depreciation of stocks (13.7 billion yen) declined by 49.9 percent, and loss from sale of stock and so on declined by 55.5 percent; therefore, they each declined by a wide margin. On the other hand, because of an increase in overdue loans, the amount transferred to special accounts for redemption of loans (120.9 billion yen) increased by 68.1 percent, redemption of loans (16.1 billion yen) increased by 9.6 percent and other depreciation of assets increased by 113.8 percent, so they each increased. On the other side of the coin, business tax declined by 14.8 percent. The result was that extraordinary net loss was 122.7 billion yen, expanding by 8.8 billion yen compared with the previous fiscal year. Because of the above business profit and loss and extraordinary profit and loss, ordinary profit came out to be 377.1 billion yen, a decline of 72.1 billion yen, 16.1 percent compared with the previous fiscal year. It was the first decline in profit after a lapse of two years.

Furthermore, special profit was 55.1 billion yen and special loss was 43.8 billion yen, so gross income came to 5.2854 trillion yen, a decline of 9.7 percent from the previous fiscal year, and gross expenditure came to 4.8968 trillion yen, a 9.1 percent decline from the previous fiscal year. Moreover, before-tax profit for the current term was 388.5 billion yen, and corporation tax and resident tax came to 137.2 billion yen, so profit for the current term was 251.2 billion yen [as published], a decline of 37.8 billion yen, 13.1 percent, from the previous year. It was the first decline in profit after a lapse of two years.

When we look at the situation for disposal of surplus funds, because many credit union banks lowered the rate of their investment dividends to 6 percent, investment dividends came to 20.4 billion yen, a 22.0 percent decline from the previous fiscal year, and officers' salaries came to 4.6 billion yen, a decline of 9.9 percent, so the total amount of external outflow was greatly reduced at 25.0 billion yen.

Yield, Profit Margin on Interest, and so on—Profit Margin on Interest for All Funds Shrinks to 0.12 Percent

In FY93, reflecting a further lowering of market interest, yield on investment and the cost of raising money both continued to decline by wide margins. When we look at yield on investment, yield on loans was 5.60 percent, a decline of 0.94 percentage points from the previous fiscal year, breaking the record low level of FY88 (5.93 percent). Furthermore, in the aspect of investment of funds, yield on deposits-received and yield on loans to financial institutions both declined by 1.28 percentage points; profit related to purchases of cash debt declined by 1.42 percentage points, each of them declining by a wide margin; and yield on securities also declined by 0.29 percentage points.

In the aspect of the cost of raising money, on the other hand, because of growth in unregulated-interest fixed-term accounts and the influence of the fact that interest rates for regulated-interest designated-date fixed-term deposits remained high, yield on deposits was 3.19 percent, so the decline compared with the previous year was only 0.78 percentage points, which was less than the margin of decrease (0.94 percentage points) for yield on loans; however, the yield on borrowed money declined by 1.10 percentage points to become 2.3 percent. Furthermore, while deposits leveled off, because of efforts at rationalization centered on nonpersonnel expenses, the rate of expenditure declined by 0.02 percentage points to 1.87 percent.

The result of the above that the yield on investment of funds was 5.19 percent, a decline of 0.92 percentage

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

points from the previous fiscal year, and the cost-rate for raising funds was 5.07 percent, a decline of 0.81 percentage points.

If we next look at the profit margin in interest, although the rate of expenditure declined by 0.02 percentage points from the previous fiscal year, because the margin of decline from the previous fiscal year in yield from loans (0.94 percentage points) exceeded by 0.16 percentage points the margin of decline for yield from deposits (0.78 percentage points), the margin of interest for deposit loans diminished by 0.14 percentage points and was 0.54 percent. And because the margin of decrease from the previous fiscal year in the yield from investment in funds exceeded the margin of decrease for the rate of cost of raising money, the overall rate of profit on interest for funds declined by 0.11 percentage points and was 0.12 percent.

When we look at the rate of profit, reflecting the double digit declines in profit for net business profit and current-period profit, the rate of business profit (the ratio of net business profit divided by deposit reserve funds plus transfer-type deposits plus the average balance of borrowed money) was 0.95 percent, a decline of 0.11 percentage points from the previous fiscal year, and the rate of current-period profit (the ratio of current-period profit divided by the final balance of the member account) was 4.88 percent, a decline of 0.96 percentage points.

As to the ratio of equity capital to total capital (domestic standard), on the other hand, the rate of growth compared with the previous fiscal year for total assets (excluding the majority of collateral accounts for guaranteeing debts), which constitutes the denominator, was 3.4 percent, but the amount of the numerator, such as member accounts, increased by 3.9 percent, so the ratio of equity capital to total capital was 5.98 percent, rising 0.03 percent over the previous fiscal year.

If we look at the aspect of efficiency in the calculation per place of business, because the number of places of business at the end of the term (8,454 places) increased by 95 compared with the end of the previous fiscal year, the average balance for deposits (including transfer-type deposits) was 10.39400 billion yen, an increase of 2.4 percent over the previous fiscal year. Furthermore, even in the per-capita calculations for full-time employees (an average of 163,377 during the term), average balance of deposits was 537.00 million yen, an increase of 1.0 percent over the previous fiscal year, and net business profit was 3.20 million yen, a decrease of 14.8 percent.

The Outlook for the Future—Leveling Off of Loans Will Continue

Concerning FY93, situation for small and medium companies will continue to be under harsh conditions, and the National Association of Credit Union Banks' Survey of Business Trends also holds that "with stagnant sales and a shrinking of profit margins as the main causes, we cannot see an improvement as strong as that which was hoped for, so things will develop with the strong tinge of recession which now exists." Therefore, its outlook for the future is also the cautious one and that "there are such source of uneasiness that the rapid strengthening of the yen, the confusion of the political situation, and the advance of employment adjustment, so it is a situation which can not necessarily be viewed with optimism." It seems that in the midst of the situation, in the aspect of business volume, although growth in deposits is on a trend toward recovery, the leveling-off trend in loans will grow stronger.

Moreover, in regard to the aspect of profit and loss, although there are worries of further growth in bad loans, the specified-term fixed-term deposits with regulated interest, which were deposited in large amounts during the time of high interest, will reach the date of maturity; therefore, it is expected that this will become a factor in expanding the profit margin in interest.

Weakness of Financial System Criticized

942A0739A Tokyo SANKEI SHIMBUN in Japanese 25 Sep 94 p 5

[Article by Keiichi Iwasaki, editorial committee member: "Course of Financial Center Strategy"]

[Text] "We have gambled our money away, have only 100 yen left, and cannot afford to gamble any more. We have neither the courage nor the mental resources to borrow and gamble again."

Some sources use such words in harshly commenting on the current status of Japanese financial institutions. This make-believe statement is somewhat lacking in dignity may sound odd. Major investments made during the bubble era have resulted in the creation of huge sums of nonperforming loans and management is being forced to relentlessly cope with their disposition and has no desire whatsoever to launch new investments. The reason is that they have a very accurate grasp of shrinking investment values.

Fall in Stature of Tokyo Markets

Deepening fears prevail over the hollowing of financial and capital markets. Chinese corporations have bypassed Tokyo and listed themselves on the New York Stock Exchange. Foreign firms are rapidly delisting from the Foreign Division of the Tokyo Stock Exchange and volume on the Tokyo foreign exchange market, which had led the London and New York markets during the strong-yen period following the Plaza Accord, has declined steadily since it peaked in 1990.

Foreign investors have shifted their capital to conspicuous growth areas represented by Hong Kong and Singapore markets. Trade in Japanese stocks on the London Stock Exchange reached 14 percent of the trading volume on the Tokyo Stock Exchange during the first half of this year. The Tokyo markets, which had gained

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

status as one of the three major international financial centers in a very short period based on abundant Japanese money, unmistakably fell in stature in a few short years.

Some argue that Tokyo markets will recover if economic conditions such as interest rates change, because financial transactions take place on a borderless basis in pursuit of the smallest of interest rate differentials. However, we cannot avoid sensing signs of future hollowing of the Tokyo markets, when we hear of Deutschbank relocating its Asian regional headquarters to Singapore and of major securities firms such as Solomon Brothers transferring a large number of foreign exchange department personnel to Hong Kong.

If semiconductors are labeled as the rice kernels of industry, money can be called the blood of industry. Survival is denied if there is a lack of blood circulation. A look at the current situation shows that the flow of money has been restrained and corporations have been denied vitality by financial system instability rooted in virtually nonexistant equity financing for capital procurement through the issuance of new stock and by the nonperforming loan issue.

There is also a need to view financial systems as an industry. The hollowing of existing manufacturing industries is inevitable even without viewing what happened in Great Britain and the United States. Financial systems are an important industry which support such changes. Financial systems face a period of change including types of services and technology based on deregulation of financial systems, and significant underlying demand should exist in terms of facilities and human resources. The hollowing of such a multifaceted "industry" will cause an unmistakable decline in the Japanese economy.

Now, let us discuss countermeasures. Generally mentioned countermeasures include abolishment of securities transaction taxes, stock brokerage fee cuts, and relaxation and abolishment of government regulations. The reason is that these items have given cause for foreign securities firms to flee from Japan. No doubt, such milieu improvement actions are required. But, even if countermeasures are provided, it becomes a matter of willpower. In other words, unless financial institutions, which are market participants, have the desire to function effectively, countermeasures will be totally useless.

"Investments" Cannot Be Expected

Much of the current market stalemate originates with and rests squarely with the shrinkage of willpower mentioned at the beginning of this article. Although the huge amounts of nonperforming loan balances have peaked, disposition of such loans will require an immense amount of time and energy. Because of this situation, they shy away from future markets which are supposed to become the center of "investments" as deregulation progresses. In fact, they probably make a deliberate effort to shy away.

If we were to borrow the words of the harsh critic, a quick solution to the problem would be a "loan" in the form of public funds, but that would require management to assume responsibility and guarantee to cut their high salary levels as a gesture to the general public. Management, which has been pampered by "convoy" guidance systems, lacks that kind of "courage." In the end, they will wait patiently for the divine winds of inflation, including their effect on land prices, to blow once more. One questions whether "investments" can be expected, even if market conditions improve.

The same can be said of financial authorities. Several years ago, when much enthusiasm was being exercised in the area of financial system reform, the creation of an international financial center in Tokyo was visualized as a national strategy, with an eye on the dangers of industrial hollowing. Such momentum suddenly faltered as criticism of the bubble intensified and left the impression that it had lost its bearing.

The securities market reforms called a "major explosion in space" implemented by Great Britain eight years ago was not a simple stimulus package for financial systems, but a national project involving both government and the public in an effort to show what direction the British economy should take. They say the effort resulted in raising the financial industry to the point where it occupies 20 percent of the gross national product.

A look at Japan shows that "investments" in the eyes of the government as well as the general public are faced with crises and that both are at a loss in terms of creating an overall strategy. Such a situation can lead to a genuine hollowing of industry, and damage to the national economy could far surpass that dealt by nonperforming loans.

DA, IHHI Plan To Develop New Aircraft Engine

OW2509094294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Sep 94 Morning Edition p 11

[Text] The Defense Agency [DA] and the Ishikawajima-Harima Heavy Industries [IHHI] plan to develop a new aircraft engine capable of delivering five tons of thrust. In its budget request for fiscal year 1995, the DA has asked that approximately 1 billion yen be allocated for the development project. Researchers will start on the engine's conceptual design as early as next spring. It is expected that seven to eight years will be required to complete the project. In the future, there is a possibility that this engine may be installed on an "advanced technology experimental aircraft" that will integrate Japan's technology for its next-generation fighter aircraft.

The DA and the IHHI plan to develop a new engine based on a domestic engine currently powering the T-4, a medium-level training aircraft. They plan to enlarge the engine to increase its thrust and at the same time try to make it lighter by modifying its composite materials.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

The engine will also use more monocrystalline materials that are superior in heat resistance. It will also be equipped with a thrust deflection nozzle that will improve its flight stability as well as make infrared tracking difficult. Ever since the development of the engine for the T-4, the DA never had any plans to develop aircraft engines domestically.

As a result, growing concerns have emerged in industrial circles that "it will become difficult to maintain continuity regarding Japan's technological foundation." Although the new engines will not be mass produced, it is hoped that Japan can maintain technological standards in its aviation industries by integrating various forms of advanced technology in the development project.

Sanyo Develops 3-D Conversion Technology

OW2609093094 Tokyo KYODO in English 0838 GMT 26 Sep 94

[Text] Osaka, Sept. 26 KYODO—Sanyo Electric Co. announced Monday [26 September] it has developed a technology for automatic conversion of two-dimensional video images for three-dimensional viewing. The company said it will introduce 3-D television sets incorporating the technology in the spring of 1997. The technology is based on a special algorithm and digital signal processing to produce real-time 3-D images from normal 2-D television and video images, Sanyo said. Sanyo also recently announced compact 3-D systems that do not require special glasses for viewing.

Toshiba Introduces New Video Decoder Chip

OW2909072994 Tokyo KYODO in English 0649 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 KYODO—Toshiba Corp. on Thursday [29 September] introduced a new single-chip, video decoder, large- scale, integrated circuit that is expected to become a key component for interactive television sets, digital video disks and other multimedia equipment.

The MPEG2 Decoder LSI performs real-time decoding of compressed digital signals to a resolution level matching that of current TV broadcasts, the company said.

Sample shipments will start in November at a price of 20,000 yen, with mass production scheduled to begin next February at a monthly pace of 50,000, it said.

Kansai Electric Begins CATV Experiments

942A0727A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 19 Sep 94 p 7

[Text] Kansai Electric Power Company will initiate experiments in fiscal year 1995 on new types of services, such as automated meter reading, telephone and personal computer communications via affiliated CATV firm cable, and optical-fiber cable networks. The "Optical Network Technical Research Association" launched at the end of July will play a lead role in building a low-cost comprehensive optical network, taking advantage of the strong yen in the purchase of overseas products and new fabrication techniques in building the network.

Membership in the Optical Network Technical Research Association includes Kansai Electric Power Company, Osaka Mediaport (OMP; Sadao Odoi, president) and Kansai Cable Service (KCS; Masanori Nakagawa, president). Experiments to be handled include switch controls and automated meter reading by Kansai Electric Power Company, telecommunications services including digital telephones and personal computer communications by OMP, and traffic condition-imaging services by KCS.

Experiment sites will include affiliated CATV companies and Keihan Cable Television (K-CAT; Masanori Nakagawa, president) and the experiments will be run for 12 months in fiscal year 1995. Overall cost of building the network will be minimized by connecting newly installed optical fiber cables to existing CATV networks. Additionally, lower costs will be exploited by considering the use of technology for laying cables into individual households in the installation of optical fiber cables.

MITI To Improve Industrial Computer Networks

OW2809121394 Tokyo ASAHI SHIMBUN in Japanese 28 Sep 94 Morning Edition p 12

[Text] The Ministry of International Trade and Industry [MITI] has begun to study measures for improving industry's use of computerized information systems.

On 27 September, MITI's advisory Industrial Structure Council held the first meeting of a newly established subpanel on industrial computerization (chaired by Stanford University Professor Kenichi Imai). The subpanel seeks ways to strengthen the competitive power of Japanese companies through better use of computerized information networks in such fields as automatic transactions and business tie-ups.

At present, computerization in industry is often limited to factory automation and quality control. Taking this into account, MITI is urging inter-section or even inter-company computer networks to improve transaction and communication.

MITI To Create 'Asian Environmental Programs'

OW2609121594 Tokyo SANKEI SHIMBUN in Japanese 25 Sep 94 Morning Edition p 5

[Text] The Ministry of International Trade and Industry [MITI] has decided to compile an "Industrial Link-Relation Table for Asian Environmental Programs" (tentative name) to facilitate the drawing up of industrial

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

policies that envisage balance between economic growth and environmental conditions. The industrial link- relation table shows how the growth of certain industries affects other industries. MITI has already begun preparations which involve incorporating into this table data on effects of industrial development on the environment. It hopes that this table will be used in all parts of Asia, including Japan, for drawing up industrial policies that give consideration to the environment. The ministry also plans to complete the table as early as by the end of fiscal year 1996 and hopes to propose its idea at a meeting of the APEC forum for discussing policies.

An industrial link-relation table lists transactions on products and services among various industries in a designated country. Since this table can be used to calculate the economic impact that a change in demand in a certain industry has on the gross domestic product (GDP), it has become an indispensable tool in drawing up economic policies.

In addition to showing conventional, pervasive economic effects, MITI's new industrial link-relation table for environmental programs will include as data how the amount of three atmospheric pollutants,—carbon dioxide (CO2), nitrogen oxides (NOx), and sulfur oxides (SOx)—released as a result of industrial output, affects the environment.

MITI has listed Japan, the PRC, Taiwan, the ROK, Indonesia, Malaysia, the Philippines, Singapore, and Thailand as areas subject to its analysis in compiling the industrial link-relation table.

The ministry has asked for 350 million yen in the next fiscal budget for building a data base on energy sources and long-term prospective energy demands for the entire Asian region. MITI plans to compile a new industrial link-relation table by putting together these data with the "Asian International Industrial Link-Relation Table," which the Asia Economic Institute compiled in September 1992, and data on the released amount of the three atmospheric pollutants that MITI is currently gathering.

As regards environmental measures, efforts have been undertaken to develop technology to help restore the environment in individual sectors. For example, projects have been undertaken to develop trash recycling systems and low-pollution vehicles. However, even if these projects were to materialize, there has been no way of predicting how this would affect the entire society in terms of economic benefits and environmental improvement. When the Industrial Link-Relation Table for Asian Environmental Programs is completed, it can be used to draw up macroeconomic policies on determining who should bear responsibilities for causes of pollution, such as petroleum products.

Chiyoda Wins Thai Hydrocracking Plant Bidding

942A0715A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 19 Sep 94 p 12

[Text] Chiyoda Corp. has captured the top bid in the hydrocracking unit expansion project being planned by Thai Oil, a big oil refining company in Thailand. The amount of the tendered bid seems to be about $140 million, and the company is favored to receive the order. It will be decided in the middle of September at the earliest.

The project is an expansion of the 3,300 tons a day hydrocracking unit at the Shiracha [as transliterated] refinery south of Bangkok. It will crack heavy oil and increase the recovery rate of light oil. Construction will start within the year and it is scheduled to be in operation at the end of 1996. JGC, Toyo Engineering, ABB Lummus Crest of the United States, and Technip of France participated in the bidding in addition to Chiyoda.

Chiyoda Corp. received the order for expansion work on the atmospheric distillation unit (topper) and the catalytic converter reforming unit (CCR) for the same refinery in 1989. However, JGC received orders for large projects such as a lubricating oil plant planned in the joint venture between Thai Oil, the British major (international oil capital) British Petroleum, and Mitsubishi Oil at the beginning of this year, and Chiyoda is exerting all its effort in Thailand to receive the order.

Tonen Building First Hydrocracking Plant

942A0712A Tokyo NIKKEI SANGYO SHIMBUN in Japanese 14 Sep 94 p 17

[Text] Tonen announced on 13 September that it will build at its Kawasaki plant a hydrocracking unit (H-oil process, processing capability 25,000 barrels) that will crack heavy oil and produce kerosene and light oil. Tonen is responding to the decrease in demand for heavy oil and increase in demand for gasoline and light oil among petroleum products. Construction will begin in the middle of next year, with the goal of having it completed at the end of 1996. Total construction costs are estimated to be about 40 billion yen. Construction of heavy oil cracking units have followed one after the other in the petroleum industry, but there are a lot of residual-oil fluid catalytic cracking units (RFCC), and it is the first time in Japan for introduction of an H-oil process plant.

H-oil process plants crack the residual heavy oil coming from the vacuum distillation unit and, along with directly producing kerosene and light oil, make residual light oil that is put into the fluid catalytic cracking unit (FCC) at a later stage. The heavy oil production rate is about 10 percent in the case of FCC alone, but is lowered to 3 to 5 percent by combining it with the H-oil process, and instead, the gasoline, kerosene, and light oil production rate is improved a total of 7 to 8 points, becoming about 80 percent.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

The Kawasaki plant solely shoulders the supply for the capital region with a crude oil processing capability of 240,000 barrels a day. Because the FCC scale is large, the heavy oil production rate is inherently low, but since demand in the capital region is further shifting to gasoline and light oil, the decision was made to combine it with an H-oil process plant. Since the rate for gasoline, which is a profitable product, will increase, it is estimated that the cost of introducing the H-oil process will be recovered in two to three years. The H-oil process design license is owned by HRI of the United States, and Chiyoda Corp. and Tonen Technology will be in charge of construction.

Nihonkai Gas Switching To Synthetic Natural Gas

942A0713A Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Sep 94 p 8

[Text] President Shijiro Nitta of Nihonkai Gas (Toyama city) held a press conference on 12 September and revealed that, with regard to the boost in city gas heat value proposed by the Ministry of International Trade and Industry [MITI], Nihonkai Gas is making a study in the direction of proceeding with a switch once to synthetic natural gas (SNG) and a switch again later to liquefied natural gas (LNG). It will decide on the final plan within the year at the earliest.

MITI has proposed that the city gas heat value nationwide be raised to 11,000 kilocalories by 2010. In that case, it will be necessary to convert to domestically produced natural gas, LNG imported from abroad, or SNG. The company is currently studying three options: 1) extend the pipeline from Ome city, Niigata Prefecture, and convert to domestically produced natural gas; 2) build storage facilities at the harbor for LNG that is transported from abroad; or 3) build a plant that will manufacture SNG from liquefied petroleum gas (LPG). President Nitta revealed the favored view, stating that construction of an SNG plant was "most realistic" because it requires an investment of about 7-8 billion yen as opposed to the facilities investment of over 30 billion yen that will be necessary for pipeline facilities or construction of storage facilities at the harbor.

Sumitomo Chemical To Cut White-Collar Workforce

942A0714A Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Sep 94 p 15

[Text] Sumitomo Chemical Co. has decided on a plan to make a 20 percent cut in personnel in indirect departments such as general affairs and labor within the various divisions such as basic chemicals and petrochemicals. It will begin next year after the organizational reform scheduled to be implemented in October. The company is already undertaking a 30-percent cut in personnel in the indirect departments of headquarters with the end of 1995 as a goal, but has also decided to reduce personnel in business departments to further strengthen it constitution. Moreover, the plan will reduce general female positions about 20 percent also and, although the company has postponed hiring this spring and next spring, it is moving in the direction of continuing zero hiring in the spring of 1996 also. It is promoting efficiency by organizational reform and introduction of computers, and is considering the promotion of indirect department simplification.

Currently, there are a total of 6,300 personnel in the four business divisions of basic chemicals, petrochemicals, fine chemicals, and agrichemicals. Among these, 1,400 people are in indirect departments such as general affairs, labor, and technical departments in business offices and plants. It will reduce them by about 280 people, which corresponds to 20 percent, by natural attrition and transfer to sales departments and related companies. By slimming the indirect departments, the company aims to make effective use of personnel along with reducing labor costs.

It will implement organizational reform in October at the earliest in order to promote these personnel cuts. The aim is simplification within division departments, especially the indirect departments in plants, and it will promote efficiency by section and department integration and a review of the work.

Moreover, there are about 1,000 people in "office jobs" which correspond to general female positions. Making nonreplacement upon retirement the general rule for these, the company had planned to cut about 170 people, but no more than 50 to 60 personnel retire annually. For this reason, it had postponed new hiring of company entrants this spring and next spring, but is considering not hiring in the spring of 1996 also.

Sumitomo Chemical Co. began in 1993 promoting a plan, the "special interim personnel plan," to cut about 10 percent of its employees by the end of 1995. They already have decided on a 30-percent personnel cut, especially for indirect departments of headquarters.

North Korea

Paper Condemns IAEA 'Distortion' of Reality

SK2909101394 Pyongyang KCNA in English 1007 GMT 29 Sep 94

["Schemings of Dishonest Quarters of IAEA Secretariat"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—The dishonest quarters of the International Atomic Energy Agency [IAEA] again demanded recently that the DPRK "accept special inspections" and "fully implement the safeguards agreement". Refuting it, a NODONG SINMUN analyst today says:

They are raising a row to put pressure upon the DPRK at a time when the DPRK-U.S. talks are under way in

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Geneva and the hardline conservative forces of the United States are presenting a grave military threat to it. This is designed to pick "a fruit" by putting pressure upon it outside the conference room of the talks between the DPRK and the United States through the double lever of "diplomatic pressure" and "gunboat diplomacy" and, moreover, to drive the dialogue and negotiation into a catastrophic phase.

To allege that the DPRK is "problematic" in the solution to the nuclear issue is a total distortion of the reality and fabrication and an insult and malicious challenge to the DPRK.

In fact, the IAEA has neither legal ground nor justification to say this or that about the DPRK. The DPRK is no longer a member nation of the agency.

If the agency continues adopting "resolutions" or working out documents in a bid to put pressure upon the DPRK, it is of no use but a waste of paper.

Still more ridiculous is the argument that the DPRK should allow "special inspections" if it wants to be provided with light water reactors. It is an extremely wrong mode of thinking to use the provision of light water reactors as a trump card for "special inspections".

For the dishonest quarters of the IAEA secretariat to demand the "implementation of the safeguards agreement" by the DPRK is the height of impudence. Being in a special position, the DPRK does not have any duty and obligation to implement it.

If the dishonest forces continue putting unwarrantable pressure upon the DPRK, ignoring the reality, it may create complexity in the solution to the nuclear issue on the Korean peninsula.

They would be well advised to evaluate the situation reasonably and act with discretion.

U.S. Accused of Violating Nonproliferation Treaty

SK2909111194 Pyongyang KCNA in English 1058 GMT 29 Sep 94

["Who Is the Real Criminal in Nuclear Threat"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—The United States transferred nuclear technologies developed at the facilities for producing nuclear weapons to Japan from 1987, violating the Nuclear Non-Proliferation Treaty [NPT], according to Greenpeace, an international environmental group. Now it can no more be concealed that the United States has assisted Japan by stealth in her nuclear armament from long ago and that Japan has approached its goal of nuclear armament with the help of the United States.

This fact clearly proves who is the real violator of the NPT, a NODONG SINMUN analyst today says, and continues:

The very ones presenting a nuclear threat to humankind are the United States and Japan.

Acting the "nuclear judge," the U.S. and Japan have let no chance pass by without loudly crying that the non-nuclear states must observe the NPT. But the U.S.-Japan conspiracy in nuclear weapon manufacture has dragged their hypocrisy into the light of day.

Haste of Japan in nuclear armament with U.S. patronage is fraught with a serious danger. The Japanese military forces are asserting the need of nuclear weapons, contending that Japan was defeated in the war "because she was not strong". It is the intention of the Japanese ruling circles to realize their ambition for dominating Asia which they could not achieve in the past, by turning Japan into a nuclear power with the backing of the United States.

Japan's desperate efforts to get a permanent seat of the U.N. Security Council are aimed at legally holding a position of nuclear power like the other permanent members.

The nuclear armament of Japan can no longer be denied before the world.

MINJU CHOSON comes out with a commentary titled "The Very One Responsible for Proliferation of Nuclear Weapons".

The analyst says:

Today when the United States has completed the nuclear armament of Japan, it is not helpful to the non-proliferation of nuclear weapons, even if it declares its suspension of nuclear cooperation with Japan.

The United States, a nuclear weapon state, must apologize to the world for having threatened the non-nuclear states with nuclear weapons and illegally transferred nuclear weapons technologies to Japan and other countries and bear responsibility for the consequences.

The Japanese authorities, he stresses, must not eye a permanent [words indistinct] Security Council, which is something unbecoming to Japan, but sincerely liquidate her past, first of all [words indistinct] and frankly open to the public her nuclear armament scheme and give it up at once.

ROK Defense Minister Criticized for Remarks

SK2909141894 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 29 Sep 94

[Text] According to a radio report from Seoul, at the National Assembly National Defense Committee on 28 September, Yi Pyong-tae, South Korean puppet defense minister, unhesitatingly expressed the intention to continuously stage the provocative Team Spirit war exercise.

This warmonger raved that the South Korea-U.S. Annual Security Consultative Conference slated for next month in Washington will make a final decision on

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

whether the Team Spirit joint military exercise will be staged this year, and that after next year this military exercise will be staged regularly.

The challenging gibberish presented by Yi Pyong-tae is an extremely dangerous act to rashly rupture [mujak-chong patansikigo] the DPRK-U.S. talks and again drive the military situation on the Korean peninsula to an extreme situation [kuktanui sanghwang] by waging commotions concerning the Team Spirit war exercise together with outside forces.

We are keenly watching with high vigilance [nopun kyonggaksimul kajigo yeri hage chusi hago issumnida] the reckless new war provocation maneuvers which the South Korean bellicose elements are scheming to wage with outside forces, and their military movements.

The Kim Yong-sam group should keenly realize that it will have to pay dear if it sets fire [pulchil] to the Korean peninsula at last. The Kim Yong-sam group should not run wild recklessly.

26 Sep U.S.-ROK Joint Exercises Reported

SK2909060694 Pyongyang KCNA in English 0425 GMT 29 Sep 94

["Aerial and Ground War Exercises Against North"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—Scores of U.S. multi- purpose carrier-borne planes flew in the sky above the sea off Yangyang close to the North and staged a joint aerial war exercise against the North on September 26, according to military sources.

More than 220 fighter bombers, assault planes and reconnaissance planes of the U.S. Air Force present in South Korea and the puppet air force joined them.

Four U.S. carrier-borne planes flew up to the sky near the maritime military boundary line east of Musudan-ri, Hwadae County, North Hamgyong Province, severely threatening the North.

This reckless playing with fire to lead the situation of the Korean peninsula to an extreme pitch of strain is a premeditated provocation move for a surprise preemptive strike on the objects in depth areas of the northern half of Korea.

On the same day, armed bandits of the puppet army took positions on heights and ridges adjacent to the demilitarized zone of Paju County, Kyonggi Province, and Chorwon County, South Korean Kangwon Province, close to the North and fired more than 2,300 large-calibre machinegun and automatic rifle bullets at random.

And 105 mm artillery groups of the puppet army fired over 800 shells at the forefront areas, seriously getting on the nerves of the North.

The Korean people and People's Army soldiers are now watching with vigilance the dangerous military provocation manoeuvres of the war-maniacs of the U.S. imperialist aggression forces and the South koran puppets who are laying artificial obstacles in the way of the improvment of the DPRK-U.S. relations.

If the U.S. imperialists and the Kim Yong-sam fascist clique run amuck without discretion in defiance of our repeated warnings, they will have to pay dearly.

Paper Urges Early Overthrow of Kim Yong-sam

SK2909105894 Pyongyang KCNA in English 1051 GMT 29 Sep 94

["The Sooner the Overthrow of Kim Yong-sam, the Better"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—NODONG SINMUN in a by-lined article today lays bare the crimes of Kim Yong-sam, saying that his disgraceful records in the period of one year and a half after he came to power clearly shows that if he remains in power, he will spell only evils to the people.

It goes on:

The most heinous crime of the Kim Yong-sam group is that it madly ran about to do harm to fellow countrymen in conspiracy with outside forces, bringing the inter-Korean relations to the worst phase, and created the danger of war to the country, laying a stumbling-block in the way of peace and reunification.

The successive rulers of South Korea earned themselves notorious fame as sycophantic traitors, but history does not know such a hateful traitor as Kim Yong-sam, who asked outside forces so importunately to take "sanctions" against fellow countrymen.

It is another towering crime of the Kim Yong-sam group that it has turned South Korea into a more desolate graveyard of democracy and civil rights and a theatre of irregularities after making the high-blown "commitments" to break with the military dictatorship and "build a new Korea" through "reforms".

The "National Security Law" and other fascist laws and huge suppressive machines remain still. The patriotic struggle of the people for independence, democracy and reunification is a target of heinous fascist suppression.

The Kim Yong-sam group brutally repressed the struggle of workers for existence by invoking even the notorious "emergency arbitration power".

It committed never-to-be-condoned, most shocking crimes in refusing to express condolences on the death of the great father of the nation and training guns on the fellow countrymen overcome with grief and cracking down on the South Korean people mourning it.

The whole nation, to say nothing of the South Korean people, cannot live in peace if Kim Yong-sam who brings

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

evils by his every word and every act is left alone. It is time the account was finally settled with the Kim Yong-sam group.

The earlier the overthrow of Kim Yong-sam, the better.

South's Military Expenditures, Budget Condemned

SK2909100994 Pyongyang KCNA in English 1001 GMT 29 Sep 94

["Arms Buildup"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—The puppet Defence Ministry has decided to introduce this year 330 billion won worth U.S. weapons, which had been scheduled for 1996, and weapons worth 180 billion won of them have already been imported, according to a democratic member of the "National Defence Committee of the National Assembly" of South Korea.

NODONG SINMUN today views this as a clear indication that the South Korean bellicose elements are stepping up arms buildup to bring the clouds of war over the head of the nation at any cost.

The analyst says:

Immediately after taking office, the Kim Yong-sam group increased the "military spendings" in the "budget" to more than 10 trillion won, far outdistancing the preceding military dictators. It plans to increase the "military budget" for next year by a trillion won above this year's.

This criminal act can be done only by traitors and bellicose elements who seek a fratricidal war.

With such bellicose elements as the Kim Yong-sam group left alone in South Korea, our nation can never get rid of the danger of war.

The arms buildup and war moves of the South Korean puppets against the nation's desire for peaceful reunification will only precipitate their own destruction. Those who are fond of fire are fated to be burned to death.

Building of 'Military Strategic City' Denounced

SK2909132894 Pyongyang Korean Central Broadcasting Network in Korean 0937 GMT 28 Sep 94

[Commentary by Kim Kyong-pok: "The Reflection of the Line of Confrontation"]

[Text] According to reports, it has been exposed that the puppets in South Korea are building the new city of Ilsan as a military strategic city for use as a military obstacle or defense position in case of emergency. The reports are evoking much controversy at home and abroad. According to the agreement between the puppet army headquarters and Land Development Corporation signed in August 1990, the new Ilsan city walls were built with temporary materials so they can be easily demolished in case of emergency. For urban combat, streets in a north-south direction are narrow, and those in an east-west direction are wide.

It is indeed unimaginable. In general, it is common sense to build cities to guarantee housing for tens of thousands and millions of residents according to a plan which considers the residents' living comforts. The construction of a city requires enormous amounts of money, material, and effort. However, the puppets are building a worthless city only for military purposes, not considering the residents. They must be insane to do this. It is an intolerable humiliation of social justice and human rational, and a crime to be cursed for a thousand years and generations.

This fact alone plainly proves to the people how the South Korean ruling camp is frenzied in pursuing its line of anticommunist confrontation and war, running counter to the national aspiration for peace and reunification. In fact, the South Korean puppets are more tenaciously clinging to the line of confrontation and war with each passing day. Not mentioning the past, recently the Kim Yong- sam puppet clique busied itself with the help of outside forces in so-called international alliances and sanctions to harm compatriots, using fictitious suspicions over our nuclear activities. It is running wild without discretion to talk about so-called special inspections [tukpyol sachal] to obstruct the development of the DPRK-U.S. talks. It has been feverish in its reinforcement of armament and military power, and has conducted provocative war exercises throughout South Korea and in areas near the Military Demarcation Line every day. These are a few examples.

Particularly, the Kim yong-sam clique is stirring up the fascist storm of an unprecedented new security-oriented rule by leveling guns at the backs of their compatriots, who are in great sorrow over having lost the father of the nation, not showing any manners for the misfortune of the nation but brutally suppressing those who expressed condolences, and ruthlessly arresting and detaining youths, students, and people who believe in the immortal chuche idea and long for the republic on charges of violating the notorious National Security Law. This clearly shows the anticommunist confrontation maneuvers of the rascals have reached a reckless level.

It is beyond discussion that the puppets' building of Ilsan as a military strategic city is a reflection and extension of the rascals' reckless line of confrontation and war. The puppets subject everything to the line of confrontation and war, squandering the enormous human and material resources of South Korea. No matter how the South Korean ruling camp pursues the line of confrontation and war, it will only speed up its own destruction.

History will never tolerate the Kim Yong-sam clique, which pursues the reckless line of confrontation and war while committing a grave crime to the nation, but will give it a strict trial without fail.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Committee Denounces South for 'Suppression'

SK2909062694 Pyongyang KCNA in English 0441 GMT 29 Sep 94

["Suppression of S. Korean Patriotic Students and People Condemned"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—The secretariat of the Committee for the Peaceful Reunification of the Fatherland released information No. 657 on September 28 denouncing the Kim Yong-sam group for persecuting Chairman of the National Reunification Committee of the General Student Council of Chonnam National University Kim Song-ok who installed an incense burning stand and mourned the death of the great leader President Kim Il-song, co- leader Yi Chang-pok and Executive Chairman Hwang In-song of the South side headquarters for the promotion of the Pan-national Rally who supported the confederation formula of reunification and urged the abolition of "the National Security Law" and other patriotic students and people of South Korea.

The information says:

The arrests by the South Korean rulers are a despicable retaliation on those who branded them as depraved fellows for their anti-ethic acts over the misfortune of the fellow countrymen in the North. It is also the last-ditch effort of the traitors who feel their crisis in face of the growing spirit for national reconciliation and unity.

The Kim Yong-sam group's harsh suppression of the righteous- minded people clearly shows once again that it is a group of gangsters ignorant even of the elementary courtesy and morality and a group of hateful anti-reunification separatists who want neither national reconciliation and unity nor the reunification of the country. Fascist suppression will result only in precipitating their doom.

The South Korean students and people will struggle more staunchly to entomb with "the National Security Law" the "civilian" fascists condemned by the people as dirty human dregs inferior to beasts.

ROK Institute Head Accepts Tangun Invitation

SK2909094294 Pyongyang KCNA in English 0419 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—Paek Ki-wan, director of the Institute of Reunification Affairs of South Korea, held a press conference on September 27 as regards the invitation he had received to participate in the ceremony for the completion of the tomb of Tangun scheduled in the northern half of Korea in early October, at which he expressed his intention to make a northern trip, according to a radio report from Seoul.

Noting that venal scholars of Japanese imperialists had distorted the national culture, reducing Tangun, a real character in history, to a mythical being, he declared that he will accept the invitation of the North with pleasure because the ceremony for the completion of the tomb of Tangun should be held amid the concern of the whole nation.

PRC's Pomminnyon on Punishment for Kim Yong-sam

SK2909105294 Pyongyang KCNA in English 1045 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—The Zhongnan Area Association of the headquarters of Koreans in China of the National Alliance for the Country's Reunification (Pomminnyon) on September 20 published a statement titled "Let Us Punish the Kim Yong-sam Clique and Achieve Independent Reunification" denouncing the "civilian" fascist clique.

Recalling that when the ardent desire of the 70 million fellow countrymen for reunification is growing as never before, the fascist clique are brutally suppressing Pomminnyon, the South Korean Federation of General Student Councils (Hanchongnyon) and other pro- reunification patriotic organisations and dissident organisations of South Korea, branding them as "organisations benefiting the enemy" and they blocked the fifth August 15 Seoul Pan-National Rally at the point of the bayonet, the statement said such act stripped bare the Kim Yong-sam clique before the world, revealing their color as a fascist gang wearing a "civilian" mask, which outdistances the successive military fascist dictatorial "regimes".

When all the fellow countrymen were wailing in bitterest grief of the nation and the whole world was expressing deep condolences, transcending the system and idea on the death of the great leader President Kim Il-song, the Kim Yong-sam clique schemed to drive a dagger on the back of the fellow countrymen and barred the South Korean people from expressing condolences and visiting the North on mourning mission and suppressed them at the point of the bayonet, far from keeping etiquette as fellow countrymen and a partner of the North-South summit talks, the statement said, adding: The Kim Yong- sam clique is, indeed, depraved human rubbish, ignorant of most elementary ethics and morality.

For the South Korean people to get rid of colonial dependence and chains of fascism and achieve reconciliation and unity between the North and South and the peace and reunification of Korea at an early date, the flunkeyist, fascist and dictatorial Kim Yong-sam traitor clique must be overthrown, the statement stressed.

Japan Accused of Plotting Invasion of North

SK2909104294 Pyongyang KCNA in English 1033 GMT 29 Sep 94

["Japanese 'SDF' Seeking Invasion of Korea"—KCNA headline]

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

[Text] Pyongyang, September 29 (KCNA)—The Japanese "Self- Defense Forces [SDF]," a military means of overseas expansion, have regarded the Democratic People's Republic of Korea as the main target of their attack from the days of their appearance and are now trying to complete combat preparedness and go over to an action in accordance with the war plan they have promoted in secrecy, says NODONG SINMUN in a by-lined article today.

The paper cites materials showing that the Japanese Armed Forces, which had worked out operational plans including the "Three Arrows Operation" and constantly supplemented and rounded off them from the 1960s have put the preparations for Korean invasion in concrete form in the '90s.

The article says:

Japan, above all, has increased the transport capacity for quickly hurling the "SDF" on to the Korean front in the "event of contingency" on the peninsula. It has established a system of mobilizing even civilian airliners and transport ships in case of emergency.

Japan has seven blue-ribbon regular civilian airline companies and 55 irregular airline companies of smaller scale. The seven companies alone are capable of airlifting nine divisions simultaneously.

The preparations of the "SDF" for aggression of Korea have been completed also through manoeuvres.

Only recently, frantic exercises of attack operations have been staged in the sky and sea and on the ground with the mobilization of huge Armed Forces of three services under the simulated conditions of a Korean war. Along with the annual exercises Team Spirit, large-scale combined manoeuvres of the three services of the "SDF" and the U.S. forces have taken place in Japan.

All of the frequent military exercises of the "SDF" have been staged as attack operations to cope with the "event of contingency on the Korean peninsula." They were aimed at "repulsing North Korea's attack" on the Korean peninsula and its surrounding sea and the sky over it in coordination with the U.S. forces based in Japan and expanding their attack into the interior of the North of Korea.

It is also noteworthy that the mountain warfare exercises, frost- resisting training and night battle rehearsals are taking a growing rate in the military exercises of the "SDF".

The "Ground Self-Defense Force" has its training field in Hokkaido similar to Korea in climate and topographical conditions and familiarizes itself to the "conditions of war" of the Korean peninsula.

The "SDF" frequently sends its operational and intelligence officers to the Military Demarcation Line area and coastal areas of Korea to strengthen espionage on the topography of the DPRK and the sea around it.

Such espionage activities are military acts which can be seen on the eve of a war.

It is a mistake for Japan to try to realise its old dream of "The Greater East Asia Coprosperity Sphere" with Korea as the springboard. Japan must act with discretion, clearly mindful that aggression and war will bring it to destruction.

Kang Song-san Meets Japanese Committee Guests

SK2909150794 Pyongyang KCNA in English 1503 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—Kang Song-san, premier of the Administration Council, today met and had a friendly conversation with the delegation of the Japan Regional Solidarity Organization for Supporting the Reunification of Korea headed by Akira Iwai, chairman of the Japan Committee for Supporting the Independent and Peaceful Reunification of Korea, at the Mansudae Assembly Hall.

Noting that the death of President Kim Il-song is the greatest loss not only for the Korean people but also for the entire working people of the world, the head of the delegation expressed his belief that although the president passed away, the Korean people will achieve greater success in the Korean-style socialist construction under the wise leadership of his excellency Kim Chong-il, the sagacious leader.

Kyoto Accused of Anti-Chongnyon Activities

SK2909103594 Pyongyang KCNA in English 1024 GMT 29 Sep 94

["Chief Culprits Must Be Punished Sternly"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—The Japanese reactionary authorities are now scheming cunningly to evade the responsibility for the search of the Kyoto Prefectural Organisation of the General Association of Korean Residents in Japan (Chongnyon) in June and hush up the case, shelving the punishment of the chief culprits. Commenting on this, NODONG SINMUN today says it is a shameless act of the Japanese authorities. This is a criminal act of defending their discriminative and hostile policy toward our republic and anti-Chongnyon campaign, the analyst points out, and goes on:

Upset by the strong protests and condemnation by the people at home and abroad for their repression of the Chongnyon organisation, the Japanese authorities let the prefectural police work out a written apology, saying that "after all, we have caused much trouble to Chongnyon organisation", but it tried to evade the blame with a claim to "legality".

The Kyoto city authorities, too, at a press conference had made an official apology for the mistake in working

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

matters," which had been the cause of the search. But they are now scheming to gloss over the incident without calling anyone to account.

The Japanese reactionaries are, by nature, accustomed to reversing black and white and weaving a plot for their mucky wild ambition for aggression.

They not only refuse to make an apology in explicit terms and an adequate compensation for the indescribable disasters inflicted upon the Korean people during their colonial rule in Korea, but are claiming "legality" and persecuting and repressing Chongnyon and Koreans in Japan, antagonising our republic. Their criminal acts cannot be tolerated at all.

The Japanese reactionaries must no longer pursue the policy hostile towards our republic, but stop repressing the Chongnyon organisation and Koreans in Japan and sternly punish the chief culprits in the recent political crackdown.

Visiting Chongnyon Students Meet Yi In-mo

SK2909064094 Pyongyang KCNA in English 0444 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—Members of the home- visiting group of students of Korean University under the General Association of Korean Residents in Japan (Chongnyon) staying in the socialist homeland met Yi In-mo, former war correspondent of the Korean People's Army and the incarnation of faith and will, in Pyongyang on September 28.

Yi In-mo told them that he lived a miserable life unfit for humanity under the colonial rule of the Japanese imperialists but he could lead a worthwhile life in the fatherland liberated by the great leader general Kim Il-song.

Stressing that the fatherland for us is immediately the dear leader general Kim Chong-il, Yi called for holding him in higher esteem.

Members of the group said that comrade Yi In-mo showed them a model—how they should live and struggle for the homeland.

They said that although the fatherly leader generalissimo Kim Il- song passed away, they are led by the great brilliant commander general Kim Chong-il and they would vigorouly struggle for the eternal prosperity of the socialist homeland and the reunification of the country, upholding him.

Embassy in Moscow Receives Gift for Kim Chong-il

SK2909093594 Pyongyang KCNA in English 0455 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il received a gift from Nina Andreyeva, general secretary of the Central Committee of the All-Union Communist Party of Bolsheviks.

A.A. Rapin, secretary of the Central Committee of the Party, handed the gift to an official of the DPRK Embassy in Moscow on September 17.

Rapin told the official:

"General Secretary Nina Andreyeva, overcome by grief at the death of the great leader President Kim Il-song, had thought what kind of gift she should present to Comrade Kim Chong-il who is carrying forward his cause, before she chose seeds of flowers that come into bloom in April, the month of the birth of President Kim Il-song.

"These flowers are a symbol of respect in my country.

"The general secretary hopes that these flower seeds will be sown around statues of President Kim Il-song and revolutionary sites, as an expression of deep respect for him and out of her desire that his achievements will shine long."

African Groups Urge Reunification Confederation

SK2809150694 Pyongyang KCNA in English 1503 GMT 28 Sep 94

[Text] Pyongyang, September 28 (KCNA)—The African Regional Committee for Friendship and Solidarity With the Korean People issued an appeal to its national committees and national committees for supporting Korea's reunification active in Africa on September 21 upon the lapse of 14 years since the publication of the proposal for founding the Democratic Confederal Republic of Koryo and in the month of support to this proposal.

Noting that the DCRK founding proposal and "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" are most valuable things left by the great President Kim Il-song for national reunification, the appeal called on the national committees to lift up voices of support and solidarity for them.

It called on them to continuously give inspiration to the Korean people, who are advancing toward reunification, holding his excellency dear Kim Chong-il, the successor to the great president, in high esteem as the lodestar of Korea's reunification and the centripetal point of great national unity.

It also called on them to urge the United States to accede to the proposal of the Democratic People's Republic of Korea for replacing the Korean armistice agreement with a peace agreement and establishing a new peace arrangement in place of the existing armistice machine and put pressure on the U.S. Government and Congress to immediately withdraw the U.S. forces from South Korea, taking along their nuclear weapons and other mass destruction weapons.

Special Bulletins Published in India, Mozambique

SK2909150494 Pyongyang KCNA in English 1501 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—The September issue of the Indian magazine SOCIAL LOOK

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

was specially edited on the occasion of the 46th founding anniversary of the Democratic People's Republic of Korea.

Printed in the magazine is a photograph of the great leader President Kim Il-song discussing work with the dear leader Comrade Kim Chong-il.

It carries articles titled "Comrade Kim Chong-il Is a True Leader of the People," "His Excellency Kim Chong-il Is the Supreme Leader of the Korean People," "Kimchongilia, Looks of Korea", "Congratulations on 46th Founding Anniversary of the DPRK," "Socialism Is Life and Soul of the Korean People," "People Without Worries," etc.

Meanwhile, the Mozambican Committee for Friendship With the People of the Democratic People's Republic of Korea published a bulletin on September 19 upon the lapse of 45 years since the death of Comrade Kim Chong-suk, an indomitable Communist revolutionary fighter. The bulletin says the committee joins the world's progressive women and peaceloving people in recalling her life with deep reverence and gives a detailed introduction of her revolutionary activities.

It notes that though she passed away before the reunification of the country, her desire is being successfully materialized by the dear leader Comrade Kim Chong-il.

Indian, Peruvian Parties Support 10-Point Program

SK2909104794 Pyongyang KCNA in English 1039 GMT 29 Sep 94

[Spelling of all names as received]

[Text] Pyongyang, September 29 (KCNA)—The signature campaign supporting "10-Point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" put forward by the great leader President Kim Il-song is going on in different countries.

In India the signature paper was signed by Chairman of the Trade Union of the Indian Club Council M. Nagrajan, Secretary General of the Government Asscciation of Teachers K.S. Berma and Secretary General of the Hindu Trade Union O.P. Berma on behalf of the members of their organizations and by Socialist member of Parliament Uday Pratab Singh, Communist (Marxist) members of Parliament Azoy Mukopadaya and Basdev Achrya, Communist member of Parliament Indrajit Gupta and other political figures on behalf of the inhabitants of their constituencies.

A total of 250,322,000 people have put their signatures to the paper in India since the signature campaign was launched in accordance with an appeal of the International Liaison Committee for Reunification and Peace in Korea in April last.

In Peru the signature paper was signed in the last one month by Chairman of the National Movement of Labour Eleazar Gutarra Maravi, Chairman of the National Reconciliation Movement Carlos Cruz, General Secretary of the Belasco Revolutionary Movement Felix Lopez, Chairman of the Peruvian National Association for the Study of the Chuche Idea Jorge Raso Arrasco who is secretary general of the Latin American Institute of the Chuche Idea and other figures of various social strata on behalf of the members of their organizations.

Since April more than 4,119,000 people have signed the signature paper in Peru.

The paper expresses support for the 10-point programme of the great unity of the whole nation laid down by President Kim Il-song to found a unified confederal state.

It urges the South Korean authorities to remove such institutional, legal and physical barriers against Korean reunification and national unity as "the National Security Law" and the concrete wall.

Omani Foreign Ministry Delegation Departs 27 Sep

SK2909143594 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 Sep 94

[Text] The Sultanate of Oman's Foreign Ministry delegation, headed by Vice Minister Haitham Bin-Tariq Bin-Taymur, returned home on 27 September by plane. Vice Foreign Minister Kim Yong-il bid the delegation farewell at the airport.

Romanian Ambassador to Pyongyang Returns Home

SK2909143994 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 27 Sep 94

[Text] Upon being summoned home, Aureliu Ioan Lazar, Romanian ambassador to the DPRK, returned home by plane on 27 September.

Friendship Gathering Marks Yemen Revolution Day

SK2909094394 Pyongyang KCNA in English 0426 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—A friendship gathering was held at the Korea-Yemen Friendship Pyongyang Anhak Senior Middle School on September 28 on day of Yemen revolution.

Invited there were charge d'affaires ad interim of the Yemeni Embassy in Pyongyang Ali Abdillah Atef and his embassy officials.

Present there were officials of the Korea-Yemen Friendship Association, teachers and pupils of the school.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

The participants saw educational facilities of the school, appreciated a performance of the art circle members of pupils and had a talk in a friendly atmosphere.

Thai Guests Pay Respects at Kim Il-song Statue

SK2909062394 Pyongyang KCNA in English 0417 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—Phichai Ratthakun, former leader of the Democratic Party of Thailand and chairman of the Party Advisory Committee, and his entourage laid a wreath and observed a moment's silence before the statue of the great leader President Kim Il-song standing on Mansu Hill here on September 28.

Noting that he was honored with an audience of His Excellency President Kim Il-song, the great leader, when he visited Korea in 1984, he said he has always remembered the kindness of his excellency president, who met him and his party for hours and entertained them to a luncheon.

He said the main purpose of his current visit to Korea is to express condolences on the death of his excellency President Kim Il-song, the great leader.

"Many people continue visiting the statue of the great leader and honoring his memory. It is because they deeply respect him," the thai visitor noted.

Irish Workers Party Group Meets Hwang Chang-yop

SK2909093794 Pyongyang KCNA in English 0429 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, on September 28 met and had a friendly conversation with a delegation of the Workers' Party of Ireland led by Sean Garland, member of the Central Executive Committee and former general secretary of the party.

The head of the delegation said that the death of the great leader President Kim Il-song is a big loss for the Korean people and expressed deep condolences on his death.

Saying that he gained deep conviction from the appearance of Korean people working with redoubled vigor to accomplish the cause of socialism, united ever closer around the dear leader Comrade Kim Chong-il, he expressed the firm belief that they will register greater achievements in the revolution and construction.

Brings Gift for Kim Chong-il

SK2909064194 Pyongyang KCNA in English 0432 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—The dear leader of our party and our people Comrade Kim Chong-il received a gift from Sean Garland, member of the Central Executive Committee and former general secretary of the Workers' Party of Ireland, on a visit to Korea.

The gift was handed to an official concerned.

The gift is an evergreen belonging to the Azalea family. Its pot-shaped flower is whitish yellow and its fruit looks like a strawberry.

There has been no such species of tree in Korea. It comes into bloom from September to December and it is propagated through seed- sowing and branch-planting.

Sean Garland asked the official to plant it in Korea, saying that he brought it to honour the memory of President Kim Il-song.

The tree will be a symbol of condolence and an expression of respect for President Kim Il-song and a symbol of friendship between the two parties, he added.

Kim Chong-il Receives Greetings From Abroad

SK2909062094 Pyongyang KCNA in English 0410 GMT 29 Sep 94

[Names as received]

[Text] Pyongyang, September 29 (KCNA)—Comrade Kim Chong-il, the dear leader of our party and our people, received messages of greetings from foreign state and party leaders on the occasion of the 46th founding anniversary of the Democratic People's Republic of Korea.

The messages came from President of Cape Verde Antonio Manuel Mascarenhas Gomes Monteiro, President of Sao Tome and Principe Miguel Trovoada, General Secretary of the Pakistan Islamic League Iqbal Ahmed Khan, Chairman of the Pakistan Socialist Party C.R. Aslam, General Secretary of the Central Committee of the Communist Party of Malta Anthony Vassalo, Chairman of the Workers' Party of Turkey Dogu Ferincek, Chairman of the Liberal Democratic Party of Angola Honorato Lando, Co-leader and Chairman of the Executive Committee of the Working People's Alliance of Guyana Rupert Roopnarine, General Secretary of the Central Committee of the Communist Party of Nicaragua Eli Altam Irano, Chairman of the Nicaraguan Socialist Party Gustavo Tablada Celaya and General Secretary of the Central Committee of the Peruvian Communist Party Renan Raffo Munoz.

They extend warmest congratulations to Comrade Kim Chong-il on the national day and wish him good health and a long life.

They express the belief that the Workers' Party and people of Korea will make great achievements in socialist construction and in the efforts for national reunification and successfully carry to accomplishment the revolutionary cause of President Kim Il-song under the leadership of Comrade Kim Chong-il.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

A message of greetings came to Comrade Kim Chong-il from the Central Committee of the Congolese Party of Labour on the occasion.

Kim Chong-il's Love, Trust in People Lauded

SK2909123994 Pyongyang Korean Central Broadcasting Network in Korean 0937 GMT 28 Sep 94

[Unattributed talk: "The Dear Leader Comrade Kim Chong-il Is the People's Great Leader"]

[Text] Today our people are enjoying independence and creativity to their content as masters of the state and society, without worrying about food, clothing, and shelter. In our country, all social members are freely taking part in social and political activities without distinction. Also, all people are richly living in a large and harmonious family of single-hearted unity in a cultural manner.

In all sectors of social life—including politics, economics, and culture—the life our people are enjoying is a true life that satisfies mankind's independent instinct. Under the most superior socialist system, the popular mass-centered socialism, all our people are now living with dignity and happiness, devoting themselves to fulfilling the chuche revolutionary cause. This is because they uphold the great leader [yongdoja] Comrade Kim Chong- il, who gives his all to the people with a high sense of loyalty and boundless devotion.

The great leader Comrade Kim Il-song has taught: Comrade Kim Chong-il has the outstanding ethos he should possess as the leader [chidoja] of the people.

The dear leader Comrade Kim Chong-il is the people's great leader [yongdoja] who is highly respected and absolutely trusted by the people. The dear leader Comrade Kim Chong-il is perfectly equipped with the outstanding ethos he should possess as the leader [chidoja] of the people.

First, the ethos of the great leader [yongdoja] Comrade Kim Chong-il, as the leader [yongdoja] of the people, is boundless loyalty and devotion to the party, the revolution, the fatherland, and the people. The dear leader Comrade Kim Chong-il—who personifies the great leader's [suryong] devoted spirit of service to the people—is always with the people throughout the entire course of leading the revolution and construction. Also, he has made immortal efforts for the fatherland and the people.

The dear comrade leader has given on-the-spot guidance to cities, villages, plants, and rural communities throughout the country, ranging from Wangjesan-ri in Onsong County in the north to a [pungionson] village. His on-the-spot guidance of tens of thousands-ri of road is the sacred road of his devoted spirit of service for the fatherland and the people. The abundant fruit glorified along the road of his on-the-spot guidance is an eternal asset for the prosperity of the fatherland, as well as for the happiness of the people.

In particular, the dear comrade leader has presented the slogan "Serving the People," and has led all functionaries to faithfully serve the people, including party functionaries. Also, through his practical activities he has demonstrated by sacred example. The dear comrade leader, who always seeks pleasure from the people's happiness, has personally tried to carry out any difficult work if they are designed for the people's better life, always making immortal efforts for their realization without sleep and rest.

He has been very busy in leading the overall work of the party and state. Under these circumstances, he has led functionaries to draw a great many designs to more satisfactorily solve the people's housing questions. Even we cannot count the number of designs. Actually, the dear comrade leader's devoted spirit to the fatherland and people is boundless, just like a spring that will never run dry. Also, such a spirit is most sacred and devoted, allowing him to devote his all to the people.

The people-oriented ethos of the dear leader Comrade Kim Chong-il is also his great love for and trust in the revolutionary comrades and people. Trust and love are one of the ethos the people's leader [chidoja] should possess.

With love and trust for the revolutionary comrades and the people, we have never seen a leader [yongdoja] who has had greater traits as those possessed by our dear comrade leader.

The dear leader Comrade Kim Chong-il respects the aged fighters who had participated in the anti-Japanese revolutionary struggle under the great leader's leadership as veterans of the revolution and its first generation. He tenderly looks after the revolutionary comrades, bestowing the deepest love on them.

The dear comrade leader regards young functionaries who grew up under the hands of the leader [suryongnim] following the liberation as precious treasures of the revolution. He looks after their destiny with warm love, assuming full responsibility for them.

Moreover, he is taking good care of people of different strata—including workers, farmers, and intellectuals—by embracing them in his arms. He has made them represent the master of our society, and led them to play their role as the master of the revolution.

The dear comrade leader, who firmly believes in the people, has called on the working class and acquainted himself with their standard of living. In so doing, he has aroused them to class consciousness, thus making them carry out work befitting the leading class of the revolution. He has also called on farmers, awakening them with the notion they are the masters responsible for the rice granaries of the nation. He is looking after the intellectuals' work and life with parental love, evoking great

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

confidence among them that they are the party's eternal companion, faithful backer, and brilliant vanguard.

Especially, the dear comrade leader is looking after those who have a shameful past, making them represent themselves as dignified members of our revolutionary rank without discrimination, nor discussing their wrongs when they support socialism.

Thanks to his politics of trust and broadness, many people are endowed with precious political life, enjoy happiness, and fully unfold their ideal and hope under the obliging socialist system.

As in this case, the dear comrade leader's love and trust for the revolutionary comrades and people is the endless love of serving the people as heaven and the deep trust of believing in the people as in himself.

Love and trust are bound to bring forth loyalty and filial duty. The dear comrade leader's politics of love and trust has borne loyalty and filial duty to the party and the leader among the people, has fully allowed beautiful communist virtues to bloom, and has changed the entire society into one happy family in conformity with the principle of collectivism, one for all and all for one.

Truly in our country, the single-hearted unity under which the party and people are united as one is a precious fruit of the dear leader's politics of love and trust.

With endless loyalty and devotion to the party, the revolution, the fatherland, and the people, the dear comrade leader—the true leader [chidoja] of the people—endlessly loves the people and tenderly looks after them by devoting his all to them, and leads them by embracing every member of society in his arms. It is a great honor and happiness for our people to uphold the dear comrade leader as the great leader [yongdoja] of our party and revolution.

Bearing deep in mind his honor and dignity, our people will march ahead by upholding the dear leader Comrade Kim Chong-il with the single heart of loyalty and filial duty, thus bringing about our fatherland's prosperity and development and greater happiness for our people.

Kim Chong-il Sends Thanks for People-Army Unity

SK2909061194 Pyongyang KCNA in English 0405 GMT 29 Sep 94

[Text] Pyongyang, September 29 (KCNA)—Comrade Kim Chong-il, the dear leader of our party and our people, sent thanks to the Pyongyang Municipal Committee of the League of Socialist Working Youth of Korea (LSWYK), officials of the LSWYK, youths and students in the city and the officials of the Mangyongdae Joint Venture Resin Company who had done good things for socialist economic construction and the collectives.

The Pyongyang Municipal Committee of the LSWYK, officials of the league, youths and students in the city recently collected large quantities of waste materials and helped toward the acceleration of the production of generating equipment, to do what little they could in realizing what the great leader President Kim Il-song intended in his lifetime, cherishing his behests.

The officials of the afore-said joint-venture company aided the People's Army several times, tightening army-people unity, and recently presented the graduates of the Nampo Revolutionary School with various -kinds of souvenirs.

Kang Song-san, Others Visit Maengsan County

SK2909052894 Pyongyang KCNA in English 0452 GMT 29 Sep 94

["Senior Party and Government Officials Visit Maengsan County"—KCNA headline]

[Text] Pyongyang, September 29 (KCNA)—Premier Kang Song-san and Vice-president Kim Yong-chu who are Politburo members of the Central Committee of the Workers' Party of Korea and other senior party and government officials Tuesday visited Maengsan County, South Pyongan Province, and met with agricultural working people there.

The county situated in the inland mountainous area of the Province was known as a place unfit for human habitation in the pre- liberation days, the land being lean.

The dear leader Comrade Kim Chong-il, who is carrying into brilliant reality the great leader President Kim Il-song's grand plan of socialist rural construction, visited the county more than 20 years ago and clearly indicated a concrete direction and ways of building the county well to suit the features of the mountainous area and improving the people's living.

The officials and working people in the county have firmly built fuel, raw material and building-material bases by their own efforts and thus pushed ahead with the building of the county seat and markedly increased production at the local industrial factories, and they have made a big progress in agricultural production, too, thereby gaining great achievements in the local economic life and the improvement of the standard of people's living.

In recent years, believing in its own strength and mainly relying on the local fuel and raw material resources, the county has built more than one hundred blocks of many-storeyed flats, rural modern houses for some 5,400 families and 3,000 odd public buildings with a total floor space of some 540,000 square metres and completed projects of stone wall building along the rivers and streams extending more than 120 kilometres and road adjustment, completely changing the appearance of the county. And it has fully met the increasing demands for consumer goods by

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

developing the local industry to suit the features of the mountainous area and constantly increased the production of grain by obtaining vast tracts of new land and creating paddies of hundreds of hectares.

For this, the county was awarded the "Order of Kim Il-song", highly praised by the great leader and received thanks from the dear leader and a letter of thanks from the Central Committee of the Workers' Party of Korea.

The senior party and government officials congratulated the local working people upon their achievements in building the county into a paradise and encouraged them to a greater success in their efforts for the final solution of the rural question.

They said that they realized clearly through the their visit to the county what fruits our party policy has borned in life and that one can do anything, if he works as the party tells them to.

County Called People's Paradise

SK2909070994 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 28 Sep 94

[Excerpt] By brilliantly embodying the revolutionary spirit of self-reliance under our party's wise leadership, Maengsan County has been turned into a people's paradise where it is good to live and work.

On 27 September, party and government cadres inspected Maengsan County and met with the agricultural people in the county.

Comrade Kang Song-san, member of the Political Bureau of the Central Committee of the Workers' Party of Korea [WPK] and premier of the State Administration Council; Comrade Kim Yong-chu, member of the Political Bureau of the WPK Central Committee and vice president; Comrades Kye Ung-tae and Han Song-yong, members of the Political Bureau of the WPK Central Committee and secretaries of the party Central Committee; Comrade So Yun-sok, member of the Political Bureau of the WPK Central Committee and responsible secretary of the South Pyongan Provincial Party Committee as well as chairman of the South Pyongan Provincial People's Committee; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Choe Yong-nim, candidate member of the Political Bureau of the WPK Central Committee and vice premier of the Administration Council; Comrade Yang Hyong-sop, candidate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; Comrade Hong Sok-hyong, candidate member of the Political Bureau of the WPK Central Committee and chairman of the State Planning Commission; Comrades Kim Ki-nam, Kim Kuk-tae, Hwang Chang- yop, Kim Chung-nin, So Kwan-hui, and Kim Yong-sun, secretaries of the WPK Central Committee; Comrades Kim Hwan, Kim Pok-sin, Kim Yun- hyok, and Kong Chin-tae, vice premiers of the Administration Council; Comrade Pak Nam-ki, chairman of the Pyongyang Municipal Administrative and Economic Committee; Comrade Chon Mun-sop, chairman of the State Inspection Commission of the Central People's Committee; directors of the party Central Committee; chairmen and ministers of the Administration Council; responsible functionaries of central organs; and secretaries of the party visited Maengsan County. [passage omitted]

South Korea

U.S., DPRK Conclude 28 Sep Geneva Talks

SK2909004594 Seoul YONHAP in English 0008 GMT 29 Sep 94

[Text] Geneva, Sept. 28 (YONHAP)—The United States and North Korea, striving to find an overall solution to the North's nuclear problem, have agreed that their chief delegates will meet Thursday at the U.S. representative mission here, a North Korean official disclosed Wednesday.

The agreement was reached through a telephone contact Wednesday afternoon, and the meeting will begin at 10 AM Thursday, the representative mission official said. He declined to give further details.

Following the third chief delegates' meeting at the North Korean representative mission Wednesday morning, attended by chief U.S. negotiator Robert Gallucci and North Korean Vice Foreign Minister Kang Sok-chu, the two parties were to decide later on whether and when to resume the talks.

Emerging from Wednesday's meeting that lasted three hours and 15 minutes, Kang said, "some serious problems were further exposed toward the close of today's meeting, which are being discussed seriously."

The American delegation issued a brief statement, merely saying that "a wide range of views were exchanged."

As of Wednesday, the sixth day after the current Washington-Pyongyang high-level talks on the North's nuclear program reopened here, the two parties remained far apart on major issues. Among them are special inspections of undeclared North Korean nuclear facilities, the disposition of used fuel rods removed from the Yongbyon reactor, compensation for Pyongyang's freezing of its atomic development program, provision of alternative energy, and the model and financing of light-water reactors to replace the North's graphite-moderated units.

Han: Seoul 'Braced' for Failure of Geneva Talks

SK2909075194 Seoul YONHAP in English 0215 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—South Korean Foreign Minister Han Sung-chu painted a bleak picture of

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

the ongoing North Korea-U.S. high-level nuclear negotiations in Geneva Thursday [29 September], saying the government is braced for the talks' failure.

"The government is seeking measures in case the talks break down," Han told reporters at the airport before leaving for the United Nations to attend the 49th General Assembly session.

"There is always a chance, as shown in the past, that concessions could be made at the final moment," he said. "But if the talks proceed in the current manner, they are bound for failure."

Pyongyang and Washington are engaged in a third round of high-level negotiations which have been held every day for the past week. While delegates said the talks were comprehensive, they have reported a disappointing lack of progress.

The foreign minister said the two sides are far apart on U.S. assistance for the North's light-water reactor project and the disposition of nuclear fuel rods taken from a North Korean reactor.

DPRK's Attitude at Geneva Talks Analyzed

SK2909141494 Seoul CHOSON ILBO in Korean 29 Sep 94 p 3

[Editorial: "The North's Attitude of Endlessly Using Far-Fetched Logic"]

[Text] It has been reported that the second session of the third round of the U.S.-DPRK high-level talks now under way in Geneva has been stalemated. The so-called agreed statement released upon the conclusion of the first session in August sounded like two business partners with different ambitions. Therefore, it may be only natural that there has been no progress in these discussions, which are based on the agreed statement, because the two countries' inner thoughts, which were hidden during the first session, are now coming to the fore during the second session.

In view of the developments made so far, it is clear the United States has shown impatience, being under pressure by several schedules at home and abroad, whereas the DPRK has been turning this to its own advantage. Therefore, far from seeking progress on the basis of the agreed statement, the two are returning to the state that existed before the statement was released. It is common sense: As long as the United States promises to provide a light-water reactor, even though there was no mention of its type in the agreed statement, the DPRK is supposed to respect the provider's intentions as regards specifics.

This notwithstanding, the North is claiming its right to choose the reactor type. No matter how hard the United States tries to persuade the DPRK that this is realistically difficult, the North is not showing any sincerity toward understanding the provider's position. On the contrary, the DPRK is threatening to replace the spent fuel rods in its five-megawatt atomic reactor. As to the U.S. proposal to send the spent fuel rods to a third country to have them scrapped, the DPRK is stepping further back from its previous insistence on storing them on its own.

Nonetheless, the DPRK is claiming its past nuclear activities will be disclosed if U.S.-DPRK relations are improved. While rejecting special inspections, the DPRK is not suggesting any kind of specific idea as to how its past nuclear activities will be disclosed. While not giving any promises which the other party can trust, the North is unreasonably demanding the other party make solid promises instead.

Through the on-going talks, we have come to once again confirm that there has been no change in the DPRK's attitude. We cannot but think the DPRK has no intention of solving the nuclear issue, and furthermore, has no intention of seeing the settlement of peace on the Korean peninsula. Unless there is a change in the North's manner of thinking, it will be hard to find a solution to the nuclear issue, no matter how many high-level talks the United States and the DPRK may repeat. They will find that the more they hold talks, the harder it will be to solve the problem.

We are only in a position to observe the U.S.-DPRK talks. However, we should not hesitate to prepare to pursue a multifaceted policy toward the North. We should give up the one-track point of view of hoping only for success in the U.S.-DPRK negotiations, while vaguely expecting the North will ultimately accept an ROK-style light-water reactor.

Speculation on Hard-Liners Holding Power in North

SK2909032594 Seoul YONHAP in English 0257 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—Military hard-liners may have seized real power in North Korea after Kim Il-song's death, prevailing over other core forces in a struggle over foreign policy and strategy toward the South, a senior government official observed Thursday.

It is entirely possible that a group of vice marshals including chief of General Staff Choe Kwang, People's Armed Forces Vice Ministers Kim Kwang-chin and Kim Pong-yul, ruling Workers' Party Central Military Commission member Kim Ik-hyon and Public Security Minister Paek Hak-nim has emerged as the real power in Pyongyang, according to the official.

If the military hawks do indeed hold sway, this might explain why the Pyongyang-Washington negotiations in Geneva on the North's nuclear program are experiencing rough sailing, the official reasoned.

He called it "extremely exceptional" for the North's Ministry of the People's Armed Forces to have issued a

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

statement last Tuesday asserting they would not recognize the Geneva talks. "This indicates that the military has grasped real power," he opined.

In the statement, the North Korean military lashed out at the United States, saying that "it is a method of warmongers to ask for a handshake, with a knife hidden inside. The People's Armed Forces cannot allow any attempt whatsoever to open military facilities through special inspections, nor recognize such talks," the statement said.

Citing another indication of the North Korean military's influence over the Geneva talks, the official said the country's chief negotiator, Vice Foreign Minister Kang Sok-chu, has shown rigid behavior in the current round whereas he was conciliatory during the earlier round which produced agreement on the agenda.

In support of his observation, the official noted that the order of seniority in the vice marshals' hierarchy has been upgraded remarkably between Kim Il-song's funeral in late July and recent major events including the Sept. 9 commemoration of the founding of the North Korean regime.

The vice marshals including Kim Ik-hyon, a member of the Workers' Party Central Military Commission, were placed from 43rd to 79th in order in the list of mourning committee members at the wake for Kim Il-song. In such lists for a number of recent events, they have been placed above Kim Ki-nam, secretary of the Workers' Party, who is 24th, according to the official.

But even if the military did hold real power, the official added, Kim Chong-il would succeed his late father as party general secretary and state president because this was willed by the senior Kim.

French News Agency Interviews Kim Pyong-il

SK2909090194 Seoul TONG-A ILBO in Korean 29 Sep 94 p 2

[Interview with Kim Pyong-il, 41, North Korea's ambassador to Finland who is half-brother to Kim Chong-il, at the DPRK embassy residence by the French News Agency (GAMMA); date not given]

[Text] Throughout the the interview, Kim Pyong-il incessantly smoked Camel cigarettes and once drank Coca Cola. The following is a gist of an interview with him:

[GAMMA] Where were you when your father (Kim Il-song) died?

[Kim] Of course, I was present at my father's deathbed.

[GAMMA] Did the North Korean people's expression of condolences over your father's death come out of their true heart?

[Kim] How can anyone influence people's feelings? The people could have not shown such an attitude if they didn't have that in their true hearts.

[GAMMA] Your brother, Kim Chong-il, has not yet been officially selected [sonchul] the leader [chidoja]. What is the reason?

[Kim] As we are still in a period of mourning, it is not appropriate to hold a large-scale congress [hoeui]. There will be a congress for such a selection sooner or later.

[GAMMA] It has been rumored that Kim Chong-il is an alcoholic. Is it true?

[Kim] Except for large-scale official receptions, he does not drink. And, I have not witnessed him drink. On the contrary, the problem is that I am smoking too much.

[GAMMA] Right after you arrived in Helsinki to assume the ambassadorial post, you returned home. Was it because of your father's illness?

[Kim] No. I had other things to deal with.

[GAMMA] Not long ago, North Korea and the United States reached an agreement on the issue of the atomic reactor. How do you assess this?

[Kim] Although the United States had long been our enemy, we are now preparing for a new start.

[GAMMA] You once served as ambassador to Bulgaria. Did you lament the collapse of communism in the Soviet Union and East Europe?

[Kim] I believe that the Bulgarian people are leading a better life under a new system than in the past. Whatever the political system, the most important thing in a country is people's welfare.

[GAMMA] This notwithstanding, you are completely returning to the old way.

[Kim] We will continue to further develop socialism on the basis of people's self-reliance and creativity.

North, South Said Negotiating Electricity Supply

SK2909134894 Seoul KBS-1 Radio Network in Korean 1300 GMT 29 Sep 94

[YONHAP from Hong Kong]

[Text] The latest issue of the Hong Kong weekly FAR EASTERN ECONOMIC REVIEW reported today that North and South Korea are negotiating to have South Korea supply electricity to North Korea, which is supported by South Korea's National Unification Board and North Korea's Committee for the Peaceful Reunification of the Fatherland.

According to the magazine, during the negotiations North Korea requested the South provide 3,000 megawatts of electricity beginning in May 1995. The magazine noted that, if the negotiations conclude smoothly,

This report contains information which is or may be copyrighted in a number of ccuntries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

the ROK, whose current electrical production capacity is 28,000 megawatts, will bear a heavy burden.

DPRK Reportedly Supports Mexican WTO Bid

SK2909092694 Seoul YONHAP in English 0627 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—North Korea reportedly supports Mexican President Carlos Salinas in his drive to become the first director-general of the World Trade Organization (WTO), scheduled to be launched next year, Mexico's EL HERALDO said Tuesday.

The newspaper reported that North Korean ambassador to Mexico Kim Chan-sik told senator Humberto Lugo Gil on Monday, "Pyongyang supports Salinas to be the WTO director-general from a viewpoint of independence and sovereignty protection and to back Mexico's foreign policy of the self-determination principle."

During his meeting with Lugo Gil, chairman of the Mexican senate steering committee, Kim stressed that Salinas has done a remarkable job in achieving Latin American unity through political, economic, commercial and cultural cooperation and that Mexico has played an important role in developing the world economy and trade, according to EL HERALDO.

South Korean Trade, Industry and Energy Minister Kim Chol-su is also bidding for the post of WTO director-general.

North Korea is not a member of the GATT (General Agreement on Tariffs and Trade) and has no part in selecting the WTO director- general.

* South's, North's Inter-Korean Studies Compared

942C01195A CHUGAN CHOSON in Korean 28 Jul 94 pp 30-34

[By reporter Sin Chong-nok]

[Text]

[Boxed Item] How well do we know North Korea? The inaccuracy of our intelligence witnessed here and there since Kim Il-song's death was reported on July 9th and the confusion of our sensibilities in accepting his death were enough to amaze us. Experts on North Korea were criticized for their lack of expert knowledge. Some are also heard to lament that the mishap occurred in the North but the confusion occurred in the South. The reasons are varied: a lack of experts, an ideologically biased research climate lacking objectivity, and research that is neither concentrated nor based on joint efforts. Additionally, intelligence and scientific data are not integrated but used separately. A variety of factors have caused such confusion. What is the level of our North Korean studies? What results will we get if we compare them with U.S. and Japanese North Korean Studies, and even with North Korea's South Korean Studies? [end boxed item]

A golden age of North Korea studies is beginning. Since the death of Kim Il-song was reported on July 9th, North Korea specialists have become "best sellers." They are so busy appearing on television broadcasts and answering calls from newspapers, policymaking institutions, and intelligence organizations asking for their opinions, that they have no weekends to speak of. "The day must soon come when North Korean studies disappear and North Korea specialists have to find some other way to earn a living." This "half-joke" paradoxically points to the fact that their golden age has come. However, saying the golden age of North Korean studies has come is different from saying that it is of a high quality. Many point out that there is still much undeveloped ground and many problems. At present, there are approximately 200 persons in South Korea classified as North Korea specialists. Although none have North-Korea-related doctoral degrees, many are already known to be North Korea specialists or have received doctoral degrees. There are many more if we count those holding master's degrees and those who have published related writings in various journals. Over 1,500 North Korea or unification-related dissertations are estimated to have been published since the liberation. North Korea studies have now reached a considerable level, not only in quantity but also in quality, North Korea specialists assert. The ideological bias of the past, when the work was guided by intelligence organizations, has been overcome to a considerable extent, they say. The core of the research, which in the past had been done in the U.S. and Japan because of difficulty accessing data, has now almost completely moved to South Korea.

First, Second, and Third Generation of North Korean Studies

North Korea specialists are generally classified into three generations. After the division of the peninsula, the first generation built the foundation of North Korea studies in the 1950's and 1960's. After the July 4th Joint Declaration, persons learning orthodox social-science theory in the U.S. and elsewhere elevated North Korea studies one stage further on the foundation laid by the first generation. In the late 1980's, young scholars who grew up in the atmosphere of the student movement of the 1970's and 1980's criticized the first and second generations with their own independent scholarship. This generational division is closely related to three turning points in North Korea studies. The three turning points are: the division of the peninsula, which primarily established North Korea studies; the July 4th Joint Declaration, which required more and accurate discussion of North Korea; and the "Understanding North Korea Movement," which began in the atmosphere created by the collapse of the Soviet Union and Eastern Europe after 1988. The recent death of Kim Il-song is a fourth turning point. Sim Ho-min (75, a media personality), Kim Chang-sun (74, director, Center for North Korea Studies), Kang In-tok (62, director, Far East Issues Research Center), Kim Nam-sik (researcher, Center for Peace Studies), and Yi Myong-yong (66,

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

honorary professor, Songgyungwan University) are considered representative of the first generation. Of these, Sim Ho-min is at the summit. In the 1950's, he had already produced a monumental work entitled, *Theory and Critique of Communism [Kongsanjuuiui Irongwa Pipan]*. Afterwards, he steadily produced works, such as *The Ideology and Politics of North Korea [Pukhanui Ideologiwa Chongchi]*, dealing with North Korea issues. Center for North Korean Studies Director Kim Chang-sun is a figure comparable to Sim Ho-min. He established the Center for North Korean Studies in 1971. He was the first in South Korea to propose that the "Fake Kim Il-song Theory," which claimed "North Korea's Kim Il-song is not the true Kim Il-song but a fabrication," was not true. He also played the role in 1977 of transforming the Center for North Korean Studies, which was in fact affiliated with the Korea Central Intelligence Agency [KCIA], into a purely private research center. Director Kang In-tok was originally the KCIA North Korean Affairs Bureau Chief. He was the most fervent in the construction of a "material foundation" for North Korean studies. In the 1960's, he had already established the "Center for the Study of International Issues," an organization affiliated with the KCIA specializing in the study of North Korea. In 1971, he transformed this into the Center for North Korean Studies. Also, in the mid 1970's, he played the role of midwife in the birth of the "Freedom Academy," an educational organization for training promising young scholars. As did the first generation of scholars, these men stressed a kind of "exegetics," collecting and doing comparative analysis on historical materials. They also have in common the fact that they are originally from North Korea. Some of them have experience in the socialist movement under the Japanese colonial government. This appears to have been both an advantage and a disadvantage. The experience of witnessing for several years, before crossing over into South Korea, the reality of the North Korean socialist regime gave them an authentic perspective on North Korea. Recently, however, they are criticized by young scholars of the third generation: "Rather than acknowledging North Korea as an entity, they consistently viewed it only as an object to be overthrown." However, regardless of whether this criticism is true, for breaking through the difficulties of the early period to establish North Korean studies and for their intense scholarly position, they are respected regardless of generational differences. The July 4th Joint Declaration gave birth to the second generation. Demand for North Korean studies rapidly increased in the sudden thaw in relations occurring at that time. The supply, however, was far behind the demand. The only institutions for studying North Korea were the KCIA-affiliated Center for North Korean Studies and the Asian Issues Research Center established by Kim Chun-yop. Also, there were few private individual researchers. This was a natural result of government suppression, rather than encouragement, of research on North Korea. Perceiving the severity of the problem, the government suddenly started turning out large-scale research projects after the joint declaration. At about the same time, young scholars who had gone abroad to study, to the U.S. and elsewhere, started returning. Unification Board Minister Yi Hong-ku, Sogang University professor Yi Sang-u, Tanguk University Chairman Kim Hak-chun, and Kyonghui University professor Sin Song-chol are representative of this group. Applying the theoretical framework of the orthodox social sciences, system, structure, etc., to the exegetical achievements of the first generation, they truly raised North Korean studies to the level of scholarship. Meanwhile, the "Freedom Academy," born in 1976, is considered to have produced a very important turning point. This institution was established by Director Kang In-tok, KCIA North Korea Affairs Bureau Chief at the time, for the purpose of training young North Korea specialists. The Academy gathered graduates from political science, foreign affairs, and economics departments, paid them the salary of a grade-V official, and had them study. Students were able to read North Korean publications otherwise impossible to access at that time. Professors included Director Kim Chang-sun, Seoul National University Professor Yi Yong-pil, Kyonghui University's Sim Song-chol, and other talented and well-known North Korea specialists. The students were given various privileges in addition to a salary. These were extraordinary. For example, the top ten graduates were recommended and given positions at universities. However, the academy closed after graduating two classes. "It was forced to close when Kim Chae-kyu, who disliked Kang In-tok, become KCIA director," persons connected with the incident testify.

Freedom Academy Established by KCIA

"The Freedom Academy was established and supported by the KCIA. But it put distance between itself and typical government organizations. It played a large part in training North Korea specialists," said Yi Yong-pil, a professor in the Department of Public Moral Education at Seoul National University. "There are still many scholars who regret that the Academy was shut down in midcourse," said Sogang University professor Yi Sang-u. Academy graduates are now spread throughout the nation's universities and are starting to hold important positions. However, there are many who are unable to proudly make the most of their academy background, just because of the fact that it was supported by the KCIA. In addition to the Freedom Academy, the Center for North Korean Studies and the Council for North Korean Studies were organizations that took a leading role in the study of North Korea at about the same time. The Center for North Korean Studies was born in 1971 from its predecessor, the Center for the Study of International Issues. The Center for the Study of International Issues was a large-scale research center, bringing together over 300 persons from the academic community, intelligence institutions, and from among military personnel dealing with North Korean issues. The magazine, *North Korea [Pukhan]*, published by the Center for North Korean Studies, was originally published by the Center for the Study of International Issues. The pivotal

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

functions of the Center for the Study of International Issues were transferred to the Center for North Korean Studies in 1971, and, although it remains in existence, it is now little more than a nominal institution. The Center for North Korean Studies, formerly the Center for the Study of International Issues, was transformed in 1977 into a private research center when Director Kim Chang-sun posed the problem, "There are many problems with the research center's image, both domestically and internationally, resulting from its affiliation with the KCIA." It still maintains its status as a model research institution specializing in North Korea. Early after its establishment, many of its researchers worked in intelligence organizations. Recently, however, there are also quite a few people who have formerly studied at a university. The Council for Communist Bloc Studies was a group of researchers forming the heart of North Korean studies through the mid-1980's. When junior scholars were preparing a commemorative event for then Koryo University Asian Issues Research Center Director Kim Chun-yop's sixtieth birthday in 1979, Kim said, "I would be satisfied if you gathered the scattered organizations studying the socialist bloc and made them into one research group." This became the occasion for the birth of the Council for Communist Bloc Studies. Then Seoul National University Professor Yi Hong-ku and Sogang University Professor Yi Sang-u took charge of practical affairs, performing the work of tying together related organizations throughout the nation. Beginning with Director Kim Chun-yop, they each in turn led the Council, serving as the first, second, and third chairmen of the organization. Beginning with its first work, the publication of volume one of a series of studies, *North Korean Studies: Analysis of Present Conditions [Pukan Yongu Hyonhwang Punsok]*, the Council carried out lively research and publishing activities through the mid-1980's. With the collapse of the socialist bloc, however, the organization changed, becoming the Council for Regional Studies. In actuality, it lost its original function and roles. In addition, other organizations are believed to be accumulating considerable experience in North Korean research in a specialized form: the National Unification Institute in national-policy research projects, the Institute of Foreign Affairs and National Security in diplomatic issues, and the Korea Development Institute in economic research. Also, there are North Korea- or Unification-related research centers at almost all universities. However, excluding a few places such as the Asian Issues Research Center at Koryo University, the Social Science Research Center at Seoul National University, and the East-West Issues Research Center at Yonsei University, they are research centers in little more than name.

Confrontation between First and Third Generation

The "Understanding North Korea Movement" begun in 1988 also produced another turning point in North Korean studies, although different in character. The backbone of this movement was the group of third-generation researchers. Yi Chong-sok, Chong Hae-kui, and Chong Tae-hwa are considered representative of this group. Now active as college lecturers, they criticized the "right-wing bias" of North Korean studies and asserted that we must first accurately understand the reality of North Korea. The targets of their criticism are the "first generation's right-wing bias" and the "foreign-trained second generation's nonnational perspective." They still maintain this point of view. In the words of one third-generation scholar: "If North Korea was singularly Kim Il-songist, then South Korea was singularly anti-Kim Il-songist. The first generation was unable to take even one step away from this. Having studied in the U.S., the second generation committed the error of directly applying Western theory without an understanding of North Korea's intrinsic structure." However, they are also the objects of countercriticism. "North Korean publications have behind them a fundamentally elaborate political purpose. Young researchers seem to be overlooking this," said Director Yi Chang-sun. "They shouldn't use [only] North Korean publications for doing research on North Korea."

"Scholarship is achieved by accumulating administrative ability. The criticism of the young scholars is too hasty," points out Sogang University Professor Yi Sang-u. "Everything will inevitably appear different when seen from what they call their populist view of history." In the later half of the 1980's, even in the confusion of such debate, North Korean studies got away from stressing only analysis of the North Korean system and politics. It began to expand into a variety of areas. Chang Myong-pong (Kungmin University), Choe Tal-kon (Koryo University), Professor Kang Ku-chin (deceased, formerly at Seoul National University), and others produced lasting results in the legal field. These individuals produced many works on North Korea: Professor Kim Hung-su (Mokwon University)on North Korean church history, Professor No Tong-un (Mokwon University) on North Korean music, Professor Mun Ok-ryun (Seoul National University) on the state of the North Korean health and medical system, and Professor Yun Pom-mo (Kyongwon University) on North Korean literary policy and art. However, despite this expansion at low levels, it seems that we cannot yet say our North Korean studies are on the right track. "It still needs ideological filtering." "There is a shortage of people with a systematic education." These are the diagnoses of the experts.

"Lately, there are people saying things that make no logical sense, such as that Kim Chong-il is mentally ill. This is the result of insufficient logical grounding," said Professor Yi Yong-pil. "Scholars, people in the media, and policymakers must all do systematic and group research."

"Are you aware of the fact that North Korea's South Korean studies are ahead of our North Korean studies?" Director Kim Chang-sun asked. He then pointed out, "We need to keep in mind the enthusiasm for Chinese studies of the Taiwanese Government immediately after it was expelled from the mainland."

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

U.S. 'Pressure' in Military Reinforcement Alleged

SK2909082594 Seoul HANGYORE SINMUN in Korean 29 Sep 94 p 1

[Article by reporters Yun Kuk-han and Kim Song-kol]

[Text] Pressure from the United States regarding the ongoing military combat capability reinforcement program of our Armed Forces has been excessive, and our military's reliance on the United States in carrying out this program has reached a serious stage. As a result, it is feared snags will occur in establishing an effective South Korean military preparedness for an emergency. This opinion was voiced by National Defense Committee members in the National Assembly.

Members of this committee are keenly interested in our military reform because most are ex-military general officers. Their opinions are a call to establish new ROK-U.S. relations and to reduce the ROK share of the expenses for stationing U.S. forces in the ROK, which draws our special attention.

At the 28 September inspection session on the National Defense Ministry and the Joint Chiefs of Staff, lawmakers from both the ruling and opposition parties pointed out that preponderance has been given to the ground forces as a result of the so-called theory of sharing in military role between the ROK and the United States, which has been implemented since 1991. Lawmakers who are also members of the National Defense Committee insisted that such a phenomenon inevitably weakens the combat capabilities of the ROK Navy and Air Force for any future emergency.

Lawmaker Na Pyong-son from the Democratic Party [DP] stated: "The intelligence operation capability of our Armed Forces is too weak because the United States has taken charge of military intelligence, using its own advanced intelligence technologies." He strongly urged rectifying such a trend.

Lawmaker Yun Tae-kyun from the Democratic Liberal Party also argued: "Under the present situation, in which our military relies on U.S. forces to collect intelligence, it is difficult to expect our military to perform independent operations, even though the right of operational control has been transferred to our military."

On the other hand, referring to interference from the United States, lawmaker Yim Pok-chin from the DP said: "Entering the nineties, the United States has begun to more strongly urge our country to reinforce our Armed Forces' combat capability, placing primary emphasis on our ground forces."

Yim added: "As a result, the basis of our country's new national defense policy has changed because of excessive control and interference from the United States."

In this connection, Yim revealed: "The introduction of P-3C naval patrol aircraft, which our Navy originally planned to introduce in 1991, has been postponed to 1998; a plan for introducing equipment needed for various types of naval vessels, including destroyers, has also been postponed."

In this connection, lawmaker Kang Chang-sons from the DP stated: "The United States has been controlling ROK exports to third countries, even of such ROK-made defense industry products as 105mm howitzers, flare mines, and flare shells for 81mm artillery pieces, the production of which has been suspended in the United States."

In response to questions raised by lawmakers during the day's session, National Defense Minister Yi Pyong-tae said: Most of our military equipment is closely related to U.S. weapon systems and U.S. military technologies. It is true that because of this, we need to cooperate with the United States. However, this cannot be a factor obstructing the individuality [tokchasong] of our national defense.

He added: The National Defense Ministry is well aware that organizing our Armed Forces with a primary emphasis on ground forces involves problems. Therefore, the ministry has been making efforts for a balanced development of the three services.

Reconsidering of USFK Indirect Support Urged

SK2909091594 Seoul YONHAP in English 0633 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—The nation's highway authorities have issued 7.5 billion won in toll-free tickets since 1988 and 5.6 billion won worth have gone to the United States Forces in Korea (USFK), Rep. Choe Chae-sung of the main opposition Democratic Party (DP) claimed Thursday.

"Vehicles from the USFK and the United Nations Forces operating in the country make up about 12.4 percent of the total vehicles exempted from tolls," the opposition lawmaker said during the annual parliamentary inspection of the Korea Highway Corp.

"The amount of tolls exempted for the USFK and the UN Forces in the country reached 1.4 billion won in 1992, 800 million won in 1993 and 930 million won this year," Rep. Choe charged.

The lawmaker also noted that large military vehicles from the USFK and the UN Forces have severely damaged roads, insisting it is high time for the country to reconsider such indirect support for the USFK.

"Support for such vehicles (from the USFK and UN Forces) is based on obscure clauses of the Status of Forces Agreement (SOFA) and the law governing toll roads," the lawmaker said. He added, however, that U.S. Forces stationed in other countries shoulder such expenses on their own.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Foreign Minister Departs for UN General Assembly

SK2909012994 Seoul YONHAP in English 0106 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—South Korean Foreign Minister Han Sung-chu left for the United Nations Thursday to attend the 49th General Assembly session.

He will address the assembly on Oct. 3, seeking members' support for Seoul's bid to gain a non-permanent seat on the UN Security Council for 1996-97 and to have its trade minister become the first director-general of the World Trade Organization (WTO).

His visit is also focused on meeting his counterparts to talk over the North Korean nuclear and inter-Korean situations. Key meetings will involve U.S. Secretary of State Warren Christopher, Russian Foreign Minister Andrei Kozyrev and Chinese Foreign Minister Qian Qichen.

Han stops over in Tokyo on his way back Oct. 6 to meet Japanese leaders and address North Korea's nuclear ambitions.

Koreans in PRC Protest Near Tiananmen Gate

SK2909102194 Seoul YONHAP in English 1004 GMT 29 Sep 94

[Text] Hong Kong, Sept. 29 (YONHAP)—More than 50 ethnic Koreans from the Yanbian Ethnic Koreans Autonomous Area in northeastern China staged a sit-in near the Tiananmen Gate last Monday [26 September] apparently to complain about their wages in arrear, the newspaper XINGDAO here reported Thursday.

The sit-in began around 2 P.M. Monday in front of Xinhuamen Gate near Tiananmen and all of the protesters were rounded up by the People's Armed Police and plainclothesmen about 10 minutes later.

The protesters were in traditional Korean costumes and traffic around the scene was once blocked, said the report adding that the sit-in took place at a sensitive time when China was preparing for large-scale commemorative programs at the Tiannanmen Square to mark the national foundation day on Oct. 1.

Some people say the sit-in was due to wages in arrears, but no exact cause of the protest was known, the paper added.

Lucky-Goldstar Plans PRC 'Massive Investments'

SK2909095694 Seoul THE KOREA HERALD in English 29 Sep 94 p 8

[Text] The Lucky-Goldstar Business Group appears to be determined to turn the huge Chinese market into its second home turf.

The group's Global Business Strategy Committee yesterday announced in Beijing a comprehensive localization strategy for China which envisions, among other things, $6 billion in yearly sales in China by the year 2000.

Group vice chairman Ku Pon-mu presided over a two-day committee meeting in Beijing to fine-tune the strategy. Some 30 group officials, including presidents of the group's 10 key subsidiaries, attended the session.

Subsequently, Ku is to explain his group's business plan in China to Chinese government officials today.

"Our basic strategy is to promote large-scale projects in China along the two main poles of electric-electronics and petrochemicals," said a committee member.

The group has already set up 11 joint ventures in China: two by Lucky Ltd, the group's petrochemical arm; four by Goldstar Co., a home electronics giant; two by Goldstar Information and Communications (GSIC), a digital telephone exchange producer; one by Goldstar Telecommunication Co., a phone set maker; and two by Lucky-Goldstar International Corp., the group's trading arm.

"We will make massive investments in China to maximize the economies of the scale of our plants there and to create synergic effects between them," the official added.

Under this strategy, the group intends to increase its sales to China from the present $1 billion a year to $6 billion in 2000. By then, China will account for about 25 percent of the group's revenue from overseas operations.

To achieve this goal, Lucky-Goldstar plans to broaden its business portfolio in China into semiconductors, distribution and construction.

At the same time, it intends to fully localize its Chinese operations, from production and sales to after-sales service and research and development. For this, it will cultivate local managers and gradually transfer management to them.

By region, the southeastern coastal area centering around Shanghai has been picked as a pivot from which a network will be built toward inland provinces.

Following are the group's sectoral plans in China:

Consumer electronics—The priority lies in strengthening the Goldstar brand business through expansion of production bases and active marketing. Sales target for the year 2000 is $1.6 billion.

Telecommunications & semiconductors—Production of low-end telecommunications equipment will gradually be transfered from Korea to China, with plants in Korea concentrating on high-end products. A semiconductor chip plant will be set up in 1998 in China, turning out first nonmemory chips and then dynamic random access memory (DRAM) chips.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Petrochemicals—A PVC resin plant will be constructed before anything else because of its wide spin-off effects. Ultimately, a vertically integrated production system anchored in a naphtha cracking center (NCC) will be set up in China.

Construction—In the initial years, emphasis will be laid on housing-commercial complex buildings in large cities that will partly house the group's branch offices and sales outlets. Gradually, investments will be made into leisure facilities, housing and infrastructure projects.

To demonstrate its commitment to China, Lucky-Goldstar is seeking to set up a new headquarter in Beijing. To house it, a large office building will be constructed at the cost of $250 million.

Japanese Diet Members Arouse 'Public's Wrath'

SK2909083494 Seoul YONHAP in English 0819 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—Three visiting members of the Japanese Diet, sounding out the possibility of dispatching Japanese military aircraft to South Korea in case of an emergency on the Korean peninsula, have aroused the public's wrath.

The three members of the House of Representatives include four-term Rep. Yukata Kondo, who reportedly said Japanese public opinion saw the necessity of sending Japanese military aircraft to Korea if conditions warrant.

He made the remark Wednesday [28 September] while calling on South Korean Vice Prime Minister and National Unification [Board] [NUB] Minister Yi Hong-ku.

Minister Yi, in effect, told Kondo the issue was none of his business, saying that "there is no need to discuss such a problem, nor is now the time to do so," according to NUB Spokesman Kim Kyong-ung.

The Japanese embassy here explained that Kondo was merely updating Yi on the Japanese Diet's argument for dispatching two government-owned aircraft overseas in case of an emergency, saying the three lawmakers were not broaching the possibility of their dispatch to Korea.

By Japanese Government aircraft, the embassy meant the Boeing 747 military planes of the Japanese Self-Defense Forces, the embassy official said.

Japan's bringing up the subject, although indirect, was the first of its kind since diplomatic normalization between the two countries in 1965.

Currently, Tokyo is pushing for a revision of the Japanese Defense Agency Law to allow its aircraft to be sent overseas in times of emergency.

Meanwhile, the Japanese embassy declined to answer questions on the lawmakers' itinerary during their stay in Korea.

Hunger Strike of Former 'Comfort Women' Noted

SK2909110094 Seoul YONHAP in English 1007 GMT 29 Sep 94

[Text] Tokyo, Sept. 29 (YONHAP)—A Korean woman who was forced to offer sex service to the Imperial Japanese Army during World War II and her supporters went on a two-day hunger sit-in near the Japanese parliament Thursday [29 September] demanding proper compensations. They were Ms. Kim Hak-sun, age 69, an ex-"comfort woman," and a number of her Korean and Japanese supporters. One of the supporters was Yang Sun-im, 50, representative of the Association of the Bereaved Families of Pacific War Victims. The protesters demanded that Japan pay proper compensation to individual victims instead of trying to finance some public cooperative projects as a means of compensation.

Prior to entering the sit-in, Yang read a statement asking Japan to remove discrimination against foreigners in paying war compensations and to complete paying all war reparations by next year.

Defense Minister Addresses National Assembly

SK2909032094 Seoul YONHAP in English 0159 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—Defense Minister Yi Pyong-tae disclosed Wednesday the government is reviewing plans to strengthen the National Security Council (NSC) so that it can establish basic national security policy.

Testifying before National Assembly Defense Committee members inspecting the ministry, he said the government feels the need to let the NSC play the leading role in forging domestic, foreign and military policies relating to national security—as its U.S. counterpart does—in order to establish a new national security strategy in preparation for rapidly changing international security conditions and national unification.

"The government is making a detailed review of plans to strengthen the NSC's functions, including establishment of its executive office," he added.

The NSC's statutory functions are limited to advising the president with respect to matters related to national security.

On the joint ROK-U.S. military exercise "Team Spirit" scheduled for November, Yi said a final decision on whether to conduct the maneuvers would be made during talks with his U.S. counterpart, William Perry, on the progress of the North Korea-U.S. nuclear talks in Geneva at the coming Korea-U.S. defense ministers' meeting slated for Oct. 6-7 in Washington.

He added, however, "it's the government's position to conduct the exercise annually, as before, from next year and beyond and the government is not considering suspending it permanently, as North Korea calls for."

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Asked about the two Army officers who bolted from their unit brandishing firearms earlier in the week, Yi said the Army would thoroughly investigate the cause and take steps against a recurrence of similar incidents.

On the North Korean military situation, he said the North is considered to have produced enough plutonium to make one or two atomic bombs. "But there is only a slim possibility that North Korea possesses complete nuclear arms, though we cannot rule out the possibility that the North Koreans have primitive detonators for atomic bombs."

Yi admitted to U.S. pressure for Seoul to improve its land fighting force, saying, "in December last year, Gen. Gary Luck, commander of the ROK-U.S. Combined Forces, proposed to the joint chiefs of staff that the ROK Army improve its anti-artillery, anti-armor and night-combat capabilities in line with the need to improve the ROK-U.S. Combined Forces. But our forces improvement plan cannot be influenced by U.S. political requirements."

Kim Orders Army To 'Sternly Punish' Deserters

SK2909103794 Seoul YONHAP in English 1001 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—President Kim Yong-sam on Thursday [29 September] asked Defense Minister Yi Pyong-tae to look thoroughly into the case of recent desertion by two Army officers and a non-commissioned officer and to sternly punish those responsible regardless of their grades.

Chongwadae [presidential offices] Spokesman Chu Ton-sik said the president gave the instructions while remarking that "the desertion amounted to jeopardizing military discipline which he said is the life of the armed forces."

A Chongwadae official said the incident seems stemming from a tendency to act on cases of discipline violation in an easy-going manner.

"For the failure to properly deal with the act of insubordination, the commander of the unit to which the deserters belonged and his higher-echelon commanders will have to be held accounted for," the official said.

Measures Adopted To Curtail Violence, Desertion

SK2909102794 Seoul YONHAP in English 0805 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—Military inspectors will conduct special checks on the state of discipline in the armed forces throughout next month to prevent a recurrence of Army officers' recent desertion.

To fight the wave of heinous, inhuman crime, the government will intensify controls on the circulation of violent and pornographic films and similar video products to nip such crimes in the bud.

These are the highlights of measures the government adopted to establish firmer social discipline at a high-level meeting presided over by Prime Minister Yi Yong-tok on Thursday [29 September]. Also in attendance were Home Minister Choe Hyong-u, Justice Minister Kim Tu-hui, Defense Minister Yi Pyong-tae, Culture and Sports Minister Yi Min-sop and Information Minister O In-hwan.

At a press conference after the meeting, Prime Minister Yi apologized to the people for "the worry caused by a series of shocking incidents over the past days."

He said the government and citizens must make a concerted effort to uproot evils which have taken hold in society over the decades.

The government will shortly launch a nationwide movement to promote the people's spiritual health, with related ministries and agencies supporting it with specific action programs, he declared.

During the meeting, Defense Minister Yi said his ministry would establish firmer military discipline as the top priority of its reform program.

The three branches of the armed forces will undergo special disciplinary inspections throughout next month, and measures will be taken to establish a reasonable military discipline system, new leadership techniques and sound values for the officers and men of the armed forces, which all are compatible with the changing military environment in the long run, he explained.

Culture and Sports Minister Yi said his ministry would draft legislation to control the trade in violent and pornographic video products and mete out severe punishment for illegal traffickers in such products.

In view of the free inflow of Japanese comic books containing violence and pornography, a screening system for the import of these comic books will be intensified, he added.

Home Minister Choe said police would strengthen their crime-fighting function, aimed especially at violence involving juveniles, while providing increased protection for those giving tip-offs. The reward for a tip-off will be increased up to five million won, he added.

President Urges 'Strict Punishment' of Criminals

SK2909102394 Seoul YONHAP in English 0811 GMT 29 Sep 94

[Text] Seoul, Sept. 29 (YONHAP)—President Kim Yong-sam called on the prosecution Thursday [29 September] to "exercise its capabilities to the maximum possible extent to protect citizens' lives and property from crime so that they may engage in their daily work with easy minds."

To that end, the chief executive called for "strict punishment of perpetrators with a view to warning others and uprooting corruption and irregularities."

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

The instruction was issued at a luncheon Kim hosted at Chongwadae, the presidential office, Thursday for 36 top prosecutors from across the country. Justice Minister Kim Tu-hui and Prosecutor-General Kim Do-eun were among those present.

The luncheon followed a chief prosecutors' meeting convened by Justice Minister Kim in the morning to discuss preventing a recurrence of the recent tax revenue embezzlement and kidnap-murder cases.

President Kim told the prosecutors: "Convinced that corruption and irregularities are diseases ruining the nation, I've tried to eradicate them since my inauguration. It is indeed deplorable, however, that unjust and irregular practices are yet to be cleared away."

He urged them to ferret out corrupt officials irrespective of rank and to ensure that they are given the maximum punishment allowed by the law.

Referring to the "chijon" gang, which carried out a series of kidnappings and murders, and a similar case involving an individual suspect, the chief executive said, "We all have to reflect upon the mishaps that could have been prevented if we had uncovered the criminals at an early stage."

He voiced hope that the prosecution will work out comprehensive countermeasures and do its utmost to uproot antisocial crimes.

Warning against the recent social atmosphere in which the authority of law and public order are being taken lightly, President Kim told the prosecutors to implant a perception among the public that "if a man commits a crime, he is bound to be caught and duly punished."

Hyundai Shifts Research From Cars to Electronics

SK2909095794 Seoul THE KOREA HERALD in English 29 Sep 94 p 8

[Text] The Hyundai Business Group is shifting its emphasis on research and development (R&D) from autos to electronics. R&D investment in electronics is projected to surpass that of autos for the first time this year, according to figures made available at the group. Three research institutes belonging to Hyundai Electronics Industry Co. are projected to spend 296.1 billion won in R&D this year, compared with 231.3 billion won earmarked for four research institutes affiliated with Hyundai Motor Co. These seven research institutes are among the 27 research institutes run by 16 Hyundai companies.

Hyundai Motor Co. had spent 1,434.5 billion won in R&D by the end of last year, or 76.8 percent of the 16 Hyundai companies' R&D investment. This year, however, Hyundai Motor Co.'s R&D investment will drop to 35.8 percent of the total, which is estimated at 646.8 billion won. On the other hand, Hyundai Electronics Industry Co.'s portion will jump to 45.8 percent. Until now, the company has spent 119.2 billion won, or a mere 6.4 percent of the group's R&D investment.

The shift in R&D priorities results from the fact that Hyundai Motor Co. has substantially invested in R&D since the establishment its first research institute in 1979 while Hyundai Electronics Industry Co. needs large investments in R&D to catch up with industry leaders.

Hyundai Electronics Industry Co., which was established in 1983, plans to concentrate its R&D investment on semiconductors. The company plans to spend 284 billion won on semiconductor R&D projects this year.

The distant third after the electronics and auto sectors is the machinery and plant sector with its R&D investment set at 37 billion won this year and accounting for a mere 5.7 percent of the group's R&D investment total.

The group will invest 31.7 billion won in petrochemical and oil-refining R&D projects and another 24.2 billion won in shipbuilding R&D projects.

The research center affiliated with Hyundai Engineering and Construction Co. will spend more money this year than it had spent by the end of last year.

To develop new construction methods, the research institute will spend 15.4 billion won this year, up almost 30 percent from the total amount it had spent by the end of last year.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Burma

Commentary Berates SLORC as 'Lackey' of PRC

BK2809143494 Oslo Democratic Voice of Burma in Burmese 0030 GMT 28 Sep 94

[Commentary by Soe Win Nyo: "Afraid of Losing One's Racial Identity"]

[Text] Democratic countries have been trying to punish the SLORC [State Law and Order Restoration Council] military clique with economic sanctions for seizing power by killing innocent people following the Four Eights [8 August 1988] democratic uprising, for violating human rights, and for ignoring the outcome of the May 1990 elections. The SLORC military clique, which is an outcast in the international community, has been expanding economic relations on a large scale with China, which blatantly violates human rights just as the SLORC does. China is a country which, like Burma, has killed students in the city streets. Therefore, it is an alliance between two villains. The SLORC, isolated by democratic countries, has become more dependent on China.

The expanded economic relations allows cheap consumer goods and impotent medicines from China to flow into Burma without any controls. In return, Burma provides the country's major produce such as rice, teak, minerals, and agricultural produce. Yunnan Province, which shares a common border with Burma, profits most from the trade. China nurtures the SLORC military clique by increasing investments in Burma on a large scale and extending loans to prolong the life of the SLORC. For example, China extended an interest-free loan worth U.S.$10.5 million to build roads and railroad lines. It is also known that loans were also extended for building a bridge across the Rangoon River, as well as satellite earth stations.

A loan worth U.S.$5.15 million was extended to carry out a mining joint venture project with a Yunnan company and to buy Chinese machines. China has also announced an interest-free loan worth U.S.$59.3 million to Burma to implement economic projects. These facts clearly show that Burma is dependent on China, while China does not have to depend on Burma. Observers note that China is not providing this assistance out of love for the SLORC, but for its own interests—to expand its naval force.

Burma is strategically located for China's land access to the Indian Ocean. China would surely benefit economically and strategically if it can penetrate the Indian Ocean through Burma. China is presently building three major highways across the border to reach the Irrawaddy River. The Chinese scheme is to dominate the Indian Ocean. The SLORC, which is a very good follower, has handed over Hainggyi Island and Coco Island to please China. The SLORC military clique is also serving China for its own interests. The SLORC, ignored by major democratic countries and under threat of arms and trade embargoes, receives cheap weapons and military equipment to continue waging the civil war at full strength and to oppress and kill the people. China is giving its outmoded cheap weapons and military equipment to the SLORC, but continues buying modern weapons from Russia for itself.

It is very sad for the people of Burma that the SLORC military clique, which cannot differentiate (?the thief), is exchanging Burma's precious natural resources for cheap weapons from China to kill citizens. China is in the forefront of receiving Burma's natural resources which are being given away at thief market prices. Viewed from any angle, China-Burma relations are beneficial to China. The SLORC, which depends on cheap Chinese weapons, is gradually coming under Chinese domination and has now become a Chinese military base. However, China, wishing to hide the true nature of the bilateral relations, says it does not support the situation in Burma and that Beijing will gradually scale down relations with Burma. In previous years, Chinese Foreign Minister Qian Qichen said no top leaders had visited Burma. However, since then several top Chinese leaders have visited. China's attitude does not command trust. No matter how much China wants to conceal the dead elephant with the hide of a goat, observers of China-Burma relations say that judging from the extent of Chinese Government influence in Burma's economic, military, and political affairs, Burma has now become an autonomous province of China or a satellite state.

The SLORC military clique—a good lackey—is not only satisfied with giving two islands to China to use as a naval base, but has also issued national registration cards to 50,000 Chinese nationals. Some 100,000 more Chinese nationals are expected to enter the country in a similar manner, being given legal entry. The number of Chinese nationals issued national registration cards after bribing immigration officials and border authorities is frightening. That is why Mandalay, the last seat of the Burmese kings and the second capital of Burma, has become a Chinese town. Gold shops, big department stores, hotels, and restaurants are owned by Chinese. Only the small restaurants, stores, and guest houses are owned by Burmese. It is more difficult to find a genuine Mandalay resident than to find a needle in a haystack as genuine Mandalay residents have been relocated to new satellite towns such as Pepyugon and Aung Thayar located in paddyfields and exposed to the elements. There are very few genuine economic enterprises operated by the Chinese. Big enterprises are used as fronts to engage in the heroin and jade trade. If one is worried about the security of carrying cash to buy gems in the Kachin State, the cash can be issued in Mandalay. Chinese-owned hotels in Mandalay will issue the cash upon showing a coded coupon. Authorities in Mandalay are well aware of the Chinese economic sphere, but their mouths have been effectively sealed and bought with Chinese cash.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

The SLORC military clique, which shouts about perpetuation of national sovereignty, feigns ignorance about the Chinese occupation of Mandalay—an occupation achieved without firing a shot. It just proves that the SLORC is a Chinese lackey. The SLORC military clique pretends that its motto—A race does not disappear from being swallowed by land; a race will disappear if swallowed by man—does not apply to the Chinese. It clearly shows that the SLORC does not care if a race disappears as long as it can cling to power.

In today's world, colonialism, whereby a country subjugates another country through force, is no longer in vogue. What is in vogue today is neocolonialism which is based on economic control and racial domination. Burma's situation is such that is has become a Chinese colony without even realizing it. The SLORC, which espouses promoting patriotism, is patriotic enough to hand over the country to the Chinese. The SLORC, rowing a boat as it has nothing better to do and calling the Chinese their father [rhyming words in Burmese alluding to SLORC holding an annual regatta], ignores the interests of the nation and the people. If the intimate relationship with China continues, Burma will soon disappear and one will only be able to find the Burmese race in a museum.

Minister Leaves for IMF-World Bank Meeting

BK2909060194 Rangoon Radio Myanmar in Burmese 1330 GMT 28 Sep 94

[Text] A Myanmar [Burmese] delegation led by Brigadier General Win Tin, minister of finance and revenue, left by a Myanmar Airways International flight this evening to attend the annual general meeting of the IMF-World Bank and affiliated organizations to be held in Madrid, Spain. The delegation was seen off at the airport by Lieutenant General Chit Swe, member of the State Law and Order Restoration Council and minister of forestry affairs; Colonel Pe Thein, minister of prime minister's office; advisers from the ministry of finance and revenue; departmental heads, responsible personnel, and relatives.

Mon Rebel Bomb Kills Two in Mudon 19 Sep

BK2909062694 Rangoon Radio Myanmar in Burmese 1330 GMT 28 Sep 94

[Text] Members of armed organizations from the jungles have been disrupting regional peace and tranquility by randomly shooting at passenger cars and planting mines on railway tracks, roads, and pathways. On 19 September, while the secretary of the ward Law and Order Restoration Council, militia members, and village elders were meeting about village security matters at the house of U Paing, chairman of the village Law and Order Restoration Council of Kwanhar village, Mudon Township, U Sein Ok, a ten-house committee member, arrived at the house with a walkie talkie at about 1030 and said that the Naing Tun Ya Mon rebel group wished to surrender and handed over the walkie talkie for communication purposes. When U Thaung Han, secretary of the ward Law and Order Restoration Council, opened the set after inserting batteries it exploded.

U Thaung Han, 44, secretary of the ward Law and Order Restoration Council and leader of the local militia, and son of U Win; and U Sein Ok, 57, ten-house committee member, and son of U Thwe, died from the unscrupulous act of the Mon armed organization. U Paing, chairman of the village Law and Order Restoration Council, 59, and son of U Tha Htay; militia members U Ni, 58, and son of U Hoke; U Hla Thinn, 57, and son of U Nyein; and U Maung Toke, 48, and son of U Min, were wounded in the blast.

The wounded were sent to the No. 5 military field hospital for treatment.

Brunei, Malaysia & Singapore

Malaysia

Editorial Compares U.S. Action in Haiti, Bosnia

BK2909085894 Kuala Lumpur BERITA HARIAN in Malay 20 Sep 94 p 10

[Editorial: "The United States Punishes Haiti But Ignores Bosnia-Herzegovina"]

[Text] In Port-au-Prince, former U.S. president Jimmy Carter and Haiti's military leader [as published], President Emile Jonassaint, yesterday signed a seven-point agreement aimed at, among other things, preventing brutality and bloodshed, restoring peace and democracy, and establishing stable ties between Haiti and the United States. The Haitian army and police have also agreed to closely cooperate with a U.S. military contingent, particularly during the transition. The agreement also stipulates that several military officers should quit voluntarily and honorably, pursuant to UN Resolutions No. 917 and No. 940. The economic embargo and sanctions on Haiti will be lifted as soon as possible.

This agreement was signed after U.S. troops aboard dozens of warships including two aircraft carriers had been in waters close to Haiti, waiting for President Bill Clinton's order to topple the military junta, which seized power from President Jean-Bertrand Aristide in 1991.

By mobilizing 20,000 combat personnel, the United States used intimidation to enable the agreement to be signed. Certainly, the 7,400 Haitian troops, commanded by junta leader Raoul Cedras, who have just six armored personnel carriers, machine guns, mortars, and several 75-mm and 105-m cannons, reportedly in an unsatisfactory condition, would have been no match for the U.S. force. Carter's mission to persuade Cedras to resign and return Aristide who lives in exile to power was the last resort. Some Haitians, particularly the followers of Cedras had been unwilling to bow to the United States,

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

which they think has destroyed Haiti's institutions. They are not even afraid of launching a guerrilla war against U.S. troops. However, this has not scared Bill Clinton in the least.

For us, the agreement between the United States and the military leader proves that no world problems have to be prolonged if the big powers are willing to intervene earnestly and honestly. Unfortunately, the same principle cannot be applied to all situations. The persistent brutality in Bosnia-Herzegovina, for example, has not been directly dealt with. Only yesterday, 1,700 Muslims, most of whom are women, children, and old people, were expelled from Serb-controlled areas in Bosnia-Herzegovina. Where is the Unites States?

The U.S. action in Haiti seems to have been more convincing, as its intimidation was followed up by action. Although U.S. public opinion does not support any move that would have led the superpower to launch an attack, Washington pressed ahead. The United States is aware that its interests will be jeopardized if it fails to settle the Haitian problem after the failure in Somalia. It is merely concerned about the influx of Haitian refugees into the United States but has never given thought to the victims of the war in Bosnia-Herzegovina who have become refugees.

There has been one intimidation after another in Bosnia-Herzegovina. Meanwhile, opinion polls show that the American people want strong action against the Serb terrorists. Strangely, however, no convincing action has been taken. We see a discrepancy in the U.S. action in settling world problems involving public order. Since the United States can take action in Haiti, we also want it to use its power in Bosnia-Herzegovina. We question why the contents of the U.S.-Haitian agreement cannot apply to Bosnia-Herzegovina, as the agreement is intended to prevent brutality and bloodshed and restore peace and democracy.

We want the United States to send an envoy to deal with the brutality in Bosnia-Herzegovina and simultaneously deploy its troops or NATO's around the Balkan republic as it has done in Haiti. As the intimidation against the Haitian military junta has succeeded, we see no reason why it cannot do so in Bosnia-Herzegovina.

Civil Servants Banned From al-Arqam Activities

BK2709152894 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 27 Sep 94

[Text] The government today issued circulars prohibiting civil servants from being involved in any activity of the banned al-Arqam movement. The prohibition covers all officials from federal and state agencies as well as local government officials.

In a statement issued in Kuala Lumpur today, Tan Sri Ahmad Sarji Abdul Hamid, chief secretary of the government, said the circulars prohibit civil servants from becoming al-Arqam members and becoming involved in any activity of the banned movement. At the same time, al-Arqam members are banned from taking part in any government activity, both within and outside official hours, or using any government facility. The circulars were sent to all secretaries of the ministries, state governments, federal and state agencies, and local governments.

Cambodia

Chea Sim Signs Immigration Law for Sihanouk

BK2909121294 Phnom Penh National Radio of Cambodia Network in Cambodian 1100 GMT 29 Sep 94

[Text] In reference to Article 11, Chapter II—on the king—of the Constitution of the Kingdom of Cambodia adopted by the Constituent Assembly on 21 September 1993, I, Norodom Sihanouk Varaman, king of Cambodia, command the following:

Article 1. The Immigration Law passed by the National Assembly on 26 August 1994 is hereby officially promulgated.

Article 2. This royally promulgated law takes effect the day it is signed.

Signed in Phnom Penh, 22 September 1994, on the behalf and on the instructions of the King,

[Signed] Samdech Chea Sim

Chea Sim Marks National Assembly Anniversary

BK2909093694 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 28 Sep 94

[Speech by Chea Sim, acting head of state and chairman of the National Assembly, on the first anniversary of the Assembly in Phnom Penh on 28 September—recorded]

[Text] Greetings to the clergy. Greetings to Prince Krompreah Norodom Ranariddh, first prime minister. Greetings to the diplomatic corps and foreign guests of honor. Greetings to princes, excellencies, ladies, gentlemen, and beloved compatriots:

Today is an auspicious day in the golden page of the history of the country and the National Assembly. We are celebrating the first anniversary of the glorious birth of our National Assembly, which represents the aspiration and will of our Cambodian nation in the new phase under the peaceful grace of His Majesty King Norodom Sihanouk, the revered king. The agreement to follow the very clear-sighted initiative of our outstanding king; the holding of the banner of peace, liberal democracy; and our nation's national reconciliation with the great and active assistance and support from the international community are decisive factors and are at the source of our National Assembly's new birth. Since that day, our distinguished people's representatives and people have been working together

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

and following the straight and clean path of multiparty liberal democracy, to open up a vision of a new political life under the constitution of the Kingdom of Cambodia, with guarantees for all kinds of rights and freedom for citizens without discrimination based on religion, political leaning, social status, or the past.

Our National Assembly's first achievement in its first year, though not yet substantial and not yet fully responding to the need of the country and nation and the aspiration of the people, reflects the spirit of lofty responsibility of our people's representatives. They have labored to serve the sacred interest of the people and the country. In particular, they have made efforts to set up the state's legal network and actively contributed, along with the executive and judiciary branches, to build an administrative apparatus for the state to administer the economy and the new, developed, and clean society worthy of a really law-abiding nation. All people's representatives have made efforts to visit people and helped solve their concrete problems in the respective constituencies. Furthermore, they have made efforts to contribute to raising the nation's prestige internationally as an independent, sovereign, peaceful, permanently neutral, and nonaligned state. This is the undeniable victory in the first stage of the democratization of society and a new political atmosphere in which national issues are becoming interesting and a responsibility of all Cambodians.

On this joyous occasion, along with this warm celebration, I would like to call on all distinguished people's representatives to pay attention to the past achievements of our National Assembly, to discuss, analyze, and assess these results and at the same time look to the tasks ahead. In particular, we should sort out major tasks, prioritize them, and be responsible for the destiny of the people and nation. We are living in a framework of a glorious Southeast Asia, a part of the world where changes are constant, and which is moving into the 21st century.

Obviously, there are many tasks for the Royal Government, the National Assembly, and our people to take on and achievements to be made in developing our Kingdom of Cambodia. Our National Assembly will face decisions concerning major and complex tasks. These decisions will be difficult to reach if we do not stand by the spirit of unity, national union, and put the interest of the nation and people above everything else. The fine cooperation with the people and with the executive branch, as well as the close cooperation and the spirit of sincerity and mutual understanding among political parties represented in the National Assembly, the good ties between people's representatives and various commissions of the National Assembly have to be strengthened and expanded in order to achieve new efficiency.

Our people's representatives have to set good examples in abiding by and implementing the constitution and state law, liberal democratic principles, the defense of human rights and social equality and justice, and the defense of our people's good conduct, ethics, culture, traditions, and customs. Our National Assembly has to further strive to open up cooperation with foreign countries, the World Parliament Council, the Asian Interparliamentary Organization, and other organizations in order to have the assistance and support and political experience in a liberal democratic regime.

His Majesty King Norodom Sihanouk, revered king, will be happy if all of us, his children, not only did not forget our oath to the throne but also know how to link themselves to the people and serve the people wholeheartedly with a spirit of lofty solidarity and unity, and know how to make sacrifices and mutual concessions with a spirit of fraternal understanding for the benefit of the nation and the people.

Our people will have a bright future along the path of a market economy. Our nation will develop quickly under the light of liberal democracy if our National Assembly is the supreme institution of state power and astute with its tasks to timely respond to the people's needs and serve growing social and national interests.

Finally, in the name of His Majesty King Norodom Sihanouk, revered king, I pray that princes, excellencies, ladies and gentlemen distinguished people's representative enjoy the five Buddhist blessings of longevity, social standing, good health, strength, and enlightenment. May you score brilliant successes in your lofty and responsible task as representatives of the Cambodian people. I would also like to pray that the clergy, excellencies, ladies and gentlemen, and all compatriots enjoy happiness and success.

Thank you.

Ranariddh Informed of Border Dispute With Laos

BK2909095394 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 29 Sep 94 pp 1, 2

[Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Kingdom of Cambodia, said: Why do neighboring countries like to grab Cambodian land? This is not difficult to explain. It is because we Khmer are divided and constantly fighting one another. This is our weakness and this has encouraged our neighbors to trample on our territorial integrity.

The prince made these remarks at the inauguration of a radio station in Stung Treng Province after the provincial governor informed him that Laos was moving border stones in Stung Treng Province deep into Cambodian territory.

However, no details were given about the moving of the border line. But a high-ranking Stung Treng provincial official once told REAKSMEI KAMPUCHEA that at Dom Kralar on National Route 13, which is the Cambodian-Lao border pass, Laos had moved its checkpoint more than three kilometers into Stung Treng Province inside Cambodia. This official went on: Nowhere else in

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

the world can you find a stranger incident than what is happening in Cambodia. It is strange in that when Cambodians want to go to their own land they must get permission from Laos.

He added: In the dry season, the inhabitants of that border area usually suffer from an acute shortage of water, and there is a waterhole in that part of the Cambodian territory under the control of Laos. When Cambodians go to fetch water on their own land they must first pay money to Laos. It is obvious that the Lao people have become the masters of Cambodia's land and water.

In the past, we Khmer were afraid of the Thai and Vietnamese only when it came to the question of territory. Along the Cambodian-Vietnamese border, there have been reports from Kampot, Kandal, Takeo, Kompong Cham, Svay Rieng, and Prey Veng that border markers had been moved five to six km into Cambodia and even more than 10 km in some provinces. Now it is Laos' turn to do so, a country we have always regarded as having the best relations with. So, now we have a border dispute with Laos. It is a great shame for a nation to have its territorial integrity violated by all its neighbors and to be powerless to solve the problem.

Prince Krompreah Norodom Ranariddh added: If we are united just as we were under Sangkum Reas Niyum, no one would dare to encroach upon our territory.

The prince stressed that he had informed Samdech Hun Sen about the need to set up an interministerial body and create a special commission to look into our border problem. He also went on to specify that legally there is no problem. The prince has full legal knowledge and is well versed in border law. He said: I assure you that in terms of the law there is no problem. But if we have only the law on our side and nothing else in our hands, we are weak and when we talk we will talk from a position of weakness. There is no problem in terms of the law, but we will talk only when we are sure of winning.

The prince added: We must raise the problem if anyone dares to slice off even a tiny piece of our land. We will permit no one to grab our territory, not even 100 square meters of it, let alone moving the border seven km deep.

The prince declared: We need to have one necessary condition and that is national consolidation, the strengthening of the union within the nation and among all the leaders, among all the parties. This is an issue that we must raise again and again. Besides, we must also talk about national development, which is most important. People like to talk about the Khmer Rouge, which is not an important issue. The most important issue is poverty, and unemployment among the Cambodian people.

Khmer Rouge Pledge To Continue Struggle

BK2909022394 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 28 Sep 94

["Appeal by the Provisional Government of National Union and National Salvation To the People of the United States, Australia, and France"; dated 28 September—read by announcer]

[Text] I. The whole world is aware that for the past 15 years the Cambodian people have been victims of the communist Vietnamese aggressors' war. With the Paris agreement, the war conducted by the communist Vietnamese aggressors should have ended and Cambodia should have had peace.

The alliance of Western villains, particularly the United States, Australia, and France, through UNTAC [UN Transitional Authority in Cambodia], however, have trampled on the Paris Agreement and tried to maintain the communist Vietnamese aggressors' forces in a continued occupation of Cambodia. They have opposed the four-party national reconciliation and have tried to fuel the communist Vietnamese aggressors' war in an attempt to destroy Democratic Kampuchea and kill the Cambodian nation and people. They have collaborated with the communist Vietnamese to set up the two-headed government and to buy the latter's two types of puppet troops. They have successively provided money and militarily aid in the form of weapons, advisers, and experts to constantly escalate the communist Vietnamese aggressors' war. The Cambodian nation and people therefore continue to suffer and face further destruction; they continue to die and be separated without end.

II. The war of aggression of the communist Vietnamese, however, in which the alliance is meddling, has been dealt successive setbacks in the struggle of a nation and people who dare to fight for their national honor and for the protection of their nation and people as they seek to prevent Cambodia from becoming a second Kampuchea Kraom [former Cambodian territory now part of southern Vietnam].

Given such a losing situation and such an impasse, this question has been asked: Have all the warmongers turned to solving the Cambodian problem through peaceful means? Consideration of this question leads to the conclusion that these people have not yet turned to peaceful means. They still persist in continuing and escalating the war of the communist Vietnamese aggressors.

III. For this reason, the Provisional Government of National Union and National Salvation [PGNUNS] appeals to all peace- and justice-loving people the world over and the people of the United States, Australia, and France to carry out activities to prevent the U.S., Australian, and French Administrations from meddling in and escalating the communist Vietnamese aggressors' war to destroy national reconciliation and peace in Cambodia and in the whole region.

In this spirit, we ask the people of the United States, Australia, and France, to kindly consider the following issues:

1. The warmongers have been meddling and providing aid to the communist Vietnamese aggressors in Cambodia. They have provided money and weapons. They have dispatched advisers and military experts to assist

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

the two-headed government through the use of a deceitful slogan to defend human rights, democratic rights, freedom, and so on. What in fact is the two-headed government?

Everyone knows that the two-headed government is just an empty shell. Its true nature is that of a state authority which is 99 percent communist Vietnamese in Phnom Penh and 100 percent in the provinces. It is this state authority that slits open the abdomen of the Cambodian people and eats their liver, creates insecurity, and robs and kills people both secretly and openly in rural areas as well as right in the middle of Phnom Penh City. Innocent people, the masses, reporters, and politicians have been killed or threatened—those in fact who are not communist Vietnam's men or who refuse to be puppets of the communist Vietnamese. All these people have been constantly intimidated through terrorist acts.

By assisting the two-headed government the U.S., Australian, and French Administrations are helping communist Vietnam to annex Cambodia and kill the Cambodian nation and people. This is a serious crime against the Cambodian nation and people. The fact is that the communist Vietnamese know very well that they themselves, the alliance of Western villains, and the two-headed government cannot win against the Cambodian nation and people in a military war. Communist Vietnam has thus pushed the United States, Australia, and France, and other Western villains into meddling in and escalating Vietnam's war of aggression in Cambodia so that communist Vietnam has an opportunity to bring in Vietnamese nationals to annex Cambodia through a demographic war.

In such a situation, what are the benefits of this war to the people of the United States, Australia, and France? None. This war only kills the Cambodian people and undermines the interests of the people of the United States, Australia, and France.

2. What are the dangers of this demographic war of the communist Vietnamese to the Cambodian nation and people? There are now up to 4 million Vietnamese in Cambodia. At this pace, a few years from now Cambodia will be annexed by Vietnam and become a second Kampuchea Kraom. The danger of Cambodia being annexed by Vietnam is great. The Cambodian nation and people have every right to struggle to defend and safeguard their nation and race. The Cambodian nation and people will resolutely fight to defend themselves.

3. Why have the communist Vietnamese failed to destroy Democratic Kampuchea and kill the Cambodian nation and people in the full scale military war they have been conducting since the end of 1978? Why has the two-headed government failed to destroy Democratic Kampuchea and kill the Cambodian nation and people despite the blessings of the United States, Australia, France, and other Western villains? Why is the two-headed regime suddenly crumbling in every field and waiting only for the day of its dissolution?

The answer is that the entire Cambodian nation and people are opposed to the continuation and escalation of the communist Vietnam aggressors' war. It is because the Cambodian people want peace and national reconciliation in order to have sufficient strength to solve the nation's big and small problems, namely, national and social problems and the problem of the 4 million Vietnamese. The entire Cambodian nation and people are joining Democratic Kampuchea and the PGNUNS to actively hold aloft the banner of the struggle to achieve their profound and sacred aspiration. No force can destroy the will of the Cambodian nation and people, who are striving to save the nation.

The small instance of Phnum Voar clearly testifies to this, on top of the instances in Anlung Veng, Pailin, and other areas in the past dry season and this rainy season.

IV. Therefore, the best way to solve the Cambodian problem for the benefit of the Cambodian nation and people and for the benefit of peace and stability in the region is not to dispatch military aid, advisers, and military experts to continue the communist Vietnamese aggressors' war. Instead, the Cambodian nation and people should be left to work out and achieve national reconciliation so that Cambodia has genuine and lasting peace.

The Cambodian nation and people very much want peace and good relations with all countries and people near and far, the world over. Once there is peace, there will be peaceful trade relations. The struggle of the entire Cambodian nation and people is to achieve peace and national reconciliation among the national forces of all political tendencies to build a developed Cambodia with a liberal democratic regime politically and economically and to saveguard the Cambodian race. There is nothing else apart from this.

28 September 1994
The PGNUNS

'Communique' of PGNUNS Cabinet's Weekly Meeting

BK2709130394 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 26 Sep 94

["Communique" issued by the Secretariat of the Provisional Government of National Union and National Salvation Cabinet on 26 September; place not given]

[Text] I. On Monday, 26 September 1994, the cabinet of the Provisional Government of National Union and National Salvation [PGNUNS] held its weekly working session under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, and with the participation of all its members.

II. The cabinet heard reports presented by each ministry on overall developments in our national salvation struggle. The participants held thorough discussions in

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

all aspects and with a high sense of responsibility and persistency. Through these discussions, the cabinet noted that the policy of guerrilla and people's war and self-determination has been widely understood by our nation and people and exhaustively implemented in all places. As a result, our peasants—together with the National Army of Democratic Kampuchea [NADK]—have been able operate even in regions adjacent to and bordering on enemy lairs, such as eastern Phnom Penh, Kampot, eastern Kompong Cham, and Mondolkiri.

Despite repeated attempts by the enemy in its bloody throes to conduct raids against us, our brothers were able to launch counterattacks and fully protect themselves. Our peasants have implemented the tactics of the guerrilla and people's war in a very lively manner, skillfully adapting them to local conditions. They have used everything at their disposal to attack the enemy. They have come to clearly realize and fully trust the effectiveness of people's weapons through first-hand experience. Punji stakes, crossbows, booby traps, tree trunks felled to block roads, and the destruction of small and large roads to prevent the enemy from moving about and conducting raids constitute effective weapons that can be found everywhere in the country. They can be produced in unlimited quantity by everybody, including men, women, children, and old people. These weapons can be used to protect villages and prevent the two-headed elements from conscripting troops and militiamen to fight for them. They can be used by the people to attack the enemy; that is, to smash both their military and civilian authorities. The two-headed elements now have no troops left with which to fight. They have neither the rank and file nor the commanders. As for the administration of the traitorous communist Vietnamese puppets in the villages and communes—both their military and civilian authorities in all sectors—they have been gradually disbanded and are collapsing. This has liberated the people and enabled them to once again become the masters of their own land, paddies, orchards, forests, rivers, and lakes.

The effectiveness of the guerrilla and people's war waged on the basis of self-determination in the countryside has given encouragement and guidance to people in the cities, especially in Phnom Penh, showing them their own fighting capacity and strength. For this reason, small-scale and simple guerrilla movements have gradually begun to spring up in the very heart of Phnom Penh, the lair of the two-headed elements. Our brothers in Phnom Penh have used lively and ingenious forms of struggle, fighting openly, secretly, semi-secretly, half-legally, and half-illegally in small and mobile units and in very creative ways. They have launched consistent and repeated attacks without retreating. Although the two-headed elements have resorted to every imaginable fascist and dictatorial method to crack down on, incarcerate, shoot at, kill, and intimidate them, the fraternal people from all social circles—including students, teachers, and journalists—have not relented in the struggle they are waging in all forms and through all methods. They have denounced the two-headed elements as being responsible for national and social problems, and they have resolutely opposed and rejected them. These activities have plunged the two-headed elements, communist Vietnam, and the villainous alliance into a maelstrom of confusion and panic inside their own lair.

The courageous, tenacious struggle of the peasants in the countryside together with the brave struggle of the people in Phnom Penh and the assorted patriotic activities of our compatriots abroad have produced an increasingly well-synchronized national salvation struggle by our nation and people; that is, of the entire Cambodian nation in all social circles and all locales and the entire Cambodian people united in a struggle based on guerrilla and people's war tactics, self-determination, and self-reliance—fighting to defend their nation, race, country, and lives from extinction.

The entire Cambodian nation and people are waging the struggle with confidence in their own strength and in the invincibility of the guerrilla and people's war.

Why have the entire Cambodian nation and people waged such a persistent, tenacious, courageous, and vigorous struggle? Because the national and social contradictions have become more acute and profound.

There are acute and profound contradictions over the question of the 4 million ethnic Vietnamese now lording over and trying to swallow Cambodia. There are contradictions over the question of the communist Vietnamese aggressors annexing tens of thousands of square kilometers of Cambodian territory, seas, and islands. There are contradictions over the question of communist Vietnam's war of aggression, which continues endlessly to burn and kill the Cambodian nation and people. There are acute and profound contradictions over the question of the villainous alliance adding fuel to the flames of communist Vietnam's war. There are contradictions over the question of the two-headed traitors permitting communist Vietnam and the villainous alliance to kill the nation and people with impunity. There are contradictions over the question of the two-headed elements conscripting people as troops and militiamen and sending them to fight and die like flies. There are contradictions over the question of the two-headed elements becoming extremely fascist. There are acute and profound contradictions over the question of people losing their property, homes, shelter, paddies, orchards, rivers, lakes, forests, and fish and no longer having anything with which to make a living. There are also contradictions over the question of extreme corruption and the ransacking of the nation's and the people's assets.

These are acute and profound national and social contradictions that have become unbearable to the people. There are contradictions upon contradictions, contradictions over contradictions—contradictions that are constricting the two-headed elements and their masters.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

III. The cabinet observed that the rapid growth of the national salvation struggle being waged by the entire Cambodian nation and people, especially by peasants in the countryside, has plunged the traitorous two-headed elements into agony in all fields and sectors. Their entire regime is collapsing. This situation has deeply upset, shocked, and terrified communist Vietnam and the villainous alliance—of which the United States is the ringleader—driving them to all sorts of military, political, diplomatic, and pacification maneuvers to continue fueling the war and delaying the doomsday of their out-and-out lackeys, the two-headed elements. They have been doing this cheerlessly, however, without any hope of saving the two- headed elements. This is because, on the one hand, the two-headed elements have been adamantly and completely opposed and rejected by the entire Cambodian nation and people. Not a single person sides with them. The Cambodian nation and people clearly see that 99 percent of the administration in Phnom Penh and 100 percent in the countryside is purely and simply made up of communist Vietnamese puppets who have committed invasion and genocide against Cambodia for over 15 years.

On the one hand, no force can withstand the national salvation struggle of a nation and people. This truth has been confirmed by historical experiences, both in Cambodia and the world. Moreover, peace and justice-loving countries and people in the region are monitoring and opposing these moves to continue fueling communist Vietnam's war of aggression in Cambodia. In addition, the American, French, and Australian peoples are keeping a close watch. They oppose their administrations' decisions to send their sons and husbands to commit aggression against Cambodia and leave their bones here in an attempt to sabotage peace in this country and the region.

IV. To promote our national salvation struggle further in all fields and sectors, the cabinet took concrete measures that it advised the provincial, district, commune, and village committees to execute as follows:

1. It is imperative to continue paying close attention to and jointly working as a single body with the people to solve all big and small problems. These include economic and livelihood problems; the problem of people who have no land, paddies, orchards, shelter, or food; the problem of insecurity, theft, and robbery; and the problem of health and sanitation. It is imperative to share the pure interests of the people and respect and love the people most sincerely. In doing this, it is expected that the people and the national authorities established by the people in the villages and communes, together with the NADK, will join the struggle, sharing weal and woe and faithfully continuing to implement the guerrilla and people's war in a more widespread and effective manner. At the same time, it is also expected that everyone will contribute resources to solve the question of food supply.

2. It is imperative to continue paying close attention to the smashing and sweeping of the traitorous, people-killing, civilian administrations of the two-headed elements—the puppets of communist Vietnam—in all sectors, villages, and communes; both in the liberated and semi-liberated zones and in the guerrilla zones—and to purge the villages and communes completely of all enemy remnants. The people should jointly set up the national authority in any village and commune where the traitorous communist Vietnamese administration has already been dispersed, dismantled, and wiped out by the people so that our people can be the true masters. In this way, we will be able to defend our villages and communes and prevent the two-headed elements from launching raids to conscript troops and militiamen to fight for them. Also in this way, we will be able to prevent them from claiming and seizing the people's paddies and orchards. This is so that our nation and people can increase their control over their own villages and communes and cleanly purge, soundly strengthen, and vastly expand the liberated hamlets to protect as many lives as possible. The objective of all of this is to achieve national reconciliation and together end communist Vietnam's war of aggression quickly and permanently.

[Dated] 26 September 1994
[Signed] The Secretariat of the PGNUNS Cabinet

* Cham Prasit, Sam Rangsi in Dispute Over Bonuses

94SE0197A Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 24 Jun 94 pp 1, 11

[Text] A good source within the Ministry of Economics and Finance has reported that Mr. Cham Prasit, the secretary of the Ministry for Economics and Finance, has reacted swiftly in his dispute with Mr. Sam Rangsi, the minister for economics and finance, who announced the creation of bonuses for government officials in the Treasury Department without any discussions with experts. Furthermore, it has been noted that there are some problems with the issuing of this proclamation. The reaction of Mr. Cham Prasit to Minister Sam Rangsi has been reinforced by that of Deputy Secretary Chhay Than, who has denounced Mr. Sam Rangsi for deciding to move the high level officials who do not agree with him.

The source said that on 11 June Mr. Sam Rangsi announced the creation of allowances for public accounts and treasury officials, that is, providing funds in addition to the salary of officials in the treasury. According to the proclamation which was publicized in the Ministry of Economics and Finances: the allowances will be paid monthly along with the salary according to the following schedule:

Director of the National Treasury—500,000 riels
First Deputy Director—300,000 riels
Other Deputy Directors—250,000 riels
Office Chiefs—175,000 riels

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Deputy Office Chiefs—125,000 riels
Section Chiefs—75,000 riels
Deputy Section Chiefs—60,000 riels
Secretaries—50,000 riels
Security and Office Personnel will receive an additional 25,000 riels a month.

Municipal and provincial treasury employees will receive their allowances according to a different schedule:

Director of a provincial treasury—175,000 riels
Deputy Director—125,000 riels
Section Chiefs—75,000 riels
Deputy Section Chiefs—60,000 riels
Secretaries—37,500 riels
Security and Office Personnel—17,500 riels

This proclamation went into effect on 1 May 1994. However, after Mr. Sam Rangsi made the announcement on 18 June, Mr. Cham Prasit issued an official letter in response. In this letter, Mr. Cham Prasit said:

The above proclamation has not yet been discussed with experts and it is filled with errors such as:

1. It has not yet received the approval of the two prime ministers and the approval of the Secretary of Public Works.
2. The schedule of allowances for the government employees of the treasury should be issued as a decree by the Royal Government.
3. The schedule of allowances was retroactive to 1 May 1994, 42 days before it was signed on 22 June 1994 which is illegal in Cambodia.
4. A schedule of allowances ten to fifteen times more than the salary conflicts with the standard which cannot be equal to or exceed the monthly salary.
5. A schedule of allowances that are too high will provoke the criticism and jealousy of other employees within and outside of the ministry. This can cause inactivity and panic as was the case with the salaries of the National Assembly.
6. There is no spending plan in the national budget for the creation of allowances in the year 1994 which Mr. Sam Rangsi has already done; this depends on the national budget which has already been approved by the National Assembly.

According to information from an employee who is not affected by the schedule in that proclamation, the minister of economy and finance gave the allowances only to officials in the treasury. Why didn't he think of employees in other ministries? Employees of other ministries work too and they need income in order to improve their living conditions.

It should be noted that teachers receive a supplemental salary of 20,000 riels a month, but this decision was by a decree of the two prime ministers and it went into effect on 1 March 1994. In any case it is still not known whether the government has approved the proclamation of Mr. Sam Rangsi.

Column Attacks 'Power-Hungry' Opposition Forces

BK2809142994 Phnom Penh KAOH SANTEPHEAP in Cambodian 24 Sep 94 pp 1, 4

["Today's Comment" column by Chum Kanal: "A Glance at the Power-Hungry Elements"]

[Text] The power-hungry elements that have hidden behind human rights and freedom for over one month cannot avoid isolation. Are they respecting the human rights and freedoms of people in Cambodian society as they hurl childish insults at them through their newspapers? Where are the people's human rights and freedoms?

Another very blatant aspect is that these elements are treating Samdech Hun Sen with the utmost contempt. Their main goal is to demoralize the samdech and edge him out so they can have a monopoly on power that they will again abuse to plunge the nation into an abyss of blood and tears. Their nature is not very different from that of the Democratic Kampuchea clan (Khmer Rouge rebels)—led by Pol Pot, Ieng Sary, Khieu Samphan, and their followers—which has long nurtured the ambition of overthrowing Samdech Hun Sen. They consider the samdech to be a major stumbling block. They also plan to knock out KOAH SANTEPHEAP by making the masses lose faith in the paper, currently the most prominent among the press.

The people vehemently denounce the power-hungry clan, which is pulling society backward and clearing the way for the outlawed Khmer Rouge to return to power and slaughter the innocent Cambodian people for a second time. The clan has vigorously carried out all kinds of propaganda activities, especially through a number of unpatriotic local newspapers, to gain an edge over the government. Those reporters have forgotten their honorable professional ethics. They have sold out and allowed their consciences to be used by the power-hungry clan as tools that are useless to the nation. They are in the process of dragging their profession backwards toward a complete collapse. This is no different from burning themselves at the stake. People who are fond of the press no longer like to read newspapers because the language used by those journalists—who are professional and skilled at writing Cambodian—is impolite, immoral, and meaningless. Moreover, the journalists have also damaged Cambodian literature through their lack of knowledge about philosophy and psychology. This is due to the fact that the journalists know nothing about their own value and are inciting the people to become furious with the power-hungry elements. This is just like throwing rice husks into the wind or dropping a stone on their own feet.

The Cambodian people—who suffered with blood and tears for more than three years under the barbarous and cruel regime of Democratic Kampuchea (Khmer Rouge), which is a professional executioner that continues to

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

exist—well know who are the patriots, who are killers of the nation, and who want the nation to suffer from disaster for a second time.

The people have become more aware that the patriots striving to bring peace to the nation are Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, our national leaders.

In this world, there is no newspaper that would dare to belittle its national leaders at a time when the people are fond of them and believe what they have done is correct. Those who persistently treat the leadership with disdain are betraying the people's conscience. Somehow, a number of newspapers in Cambodia are creating problems and defaming the Royal Government with the most indecent language.

The power-hungry elements are bloating themselves up like a toad inflating itself to look like an ox or a buffalo. Sooner or later, their stomach will explode and they will die. The nature of the power-hungry elements who are striving to create these problems and carry out these activities is identical to the poisonous and deceitful character of the Khmer Rouge clique that is striving to ruin the nation.

Therefore, the people who are still alive that were the potential victims of genocide for more than three years should guard against those power-hungry elements who are in the process of pulling Cambodia into the abyss of danger, filled with blood and tears, for the second time.

Is anyone happy with the power-hungry elements who look down on their own fathers and mothers, the national leaders? No, absolutely not. From now on, those elements are "isolated."

* Correspondent Views Thai-KR Timber Trade
94SE0189A Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 29 Jun 94 pp 1, 2

[Text] Only 200 or 300 meters from the Cambodian border, there is a village in Thai territory called Suon Saom or Chamkar Kruoch—a name given to it because they use orange shellac to paint the furniture they produce there.

The number of buildings in that village doubled after small lumber mills were built along the red bumpy road. The houses, of which there are only about 50, look like an industrial center in Bangkok. What is strange is that "Chamkar Kruoch" is exclusively involved in the valuable teak wood business which they exploit with the Khmer Rouge under the watchful eyes of the Thai marines. The most important providers of teak wood to this Thai village are the Khmer Rouge [KR] who have set up a sawmill only three km. away.

According to the businessmen, teak boards, which is what they sell there, are worth from $300 to $350 per cubic meter.

A Thai marine named Niphon Saeggham said, "a person who buys furniture made of teak wood, if they are bold enough, may dare to bribe the soldiers there in order to carry out their business." But bold or not, when businessmen transport furniture along National Route 17, they must turn over receipts for the Thai military authorities to check... They spend money to bribe all those officials to keep quiet in order to have the right to carry on business in "Suon Saom" Village.

It's the same in "Khlong Ta Dam" Village located close by where the Thai military are in charge of the large gem market. Businessmen in "Chamkar Kruoch" Village have many buyers from Chantaburi Province for teak furniture all week long. But it's not like Khlong Ta Dam Village which is an important artery in the sale of gems from Pailin. Chamkar Kruoch Village is a commercial site for the lumber trade in Cambodia which many Thai businessmen claim is under the control of the Khmer Rouge.

Mr. Kim Kan, a high official in the Economic Police Department of the Cambodian Ministry of the Interior has said that, "In Koh Kong Province soldiers have been hired to desert in order to help them outwit the Royal Government. I am very concerned about the forests in Cambodia; it is a major danger for the ecology problem as well as a legal problem."

On 22 May, Special Forces troops seized illegal timber, which they estimate is worth nearly $1 million, in the Koh Kong region and other places. Mr. Kim Kan, who took part along with Mr. Sal Sakun, stated during an interview on 25 June at the Ministry of the Interior that he has 442 inspectors, which is sufficient to stop the illegal smuggling. Both officials recognized that helicopters, patrol boats, and good communications systems will help the efforts of the government in preventing the export of timber in the western coastal region. But instead they issued an announcement concerning their disappointment over of the continuing cooperation between the Thai military and the Khmer Rouge in this business. The Thai Government has issued a public statement that it is cooperating with the Cambodian government but the actual situation is completely the opposite, because profits from the sale of timber to countries bordering Cambodia which are hungry for timber are huge and the timber business is one more complexity in the intergovernmental war and bureaucratic policies of both countries.

A foreigner who is based in Phnom Penh said that he went to a location with a FUNCINPEC general and saw 100,000 cubic meters of lumber worth $190 per cubic meter with an "export permit." That general declared that the income from that sale would be spent for government soldiers. That foreigner, who planned to sell the lumber to a Singapore company, said, "I have spoken about this point: It is hard to tell what is legal in Cambodia. Is it legal to authorize ships to continue making trips out of the country or not?"

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Businessmen who are involved in the exploitation of timber in Cambodia have said, "The Khmer Rouge do not refine timber; they only cut it down. They control all the timber which is cut, but then they get in touch with the sawmill operators. Generally they never work by themselves." "Logs that the Khmer Rouge export from areas under their control outside of the country are the cheapest, worth from $45 to $55 per cubic meter, but that is the only price the Khmer Rouge need to advertise in order to attract foreign customers. Great quantities of lumber and logs which have been harvested with smuggling in mind have been exported by them into Thai land, especially into villages located in Trat Province. Much of this wood that the Khmer Rouge exports has been taken out of Koh Kong Province which is where the government police and soldiers compete with the Khmer Rouge for control and for the right to export timber.

A Thai businessman who was engaged in exporting timber from "Suon Sam" Village and who had contacts with the Khmer Rouge said, "Dishonest people of every kind who profit from the exploitation of timber are labelled Khmer Rouge, but actually they are a vague network." Actually the Khmer Rouge and the businessmen, who have assistance from the Thai Government, are not in contact with each other. For a very long time businessmen and government officials have both said that much timber has been exported to Vietnam in accordance with official agreements "government to government" in kind of a modus vivendi by means of smuggling.

It is well known that this kind of occupation, which for the most part is smuggling illegal lumber into Vietnam, is through the naval base at "Ream" in Kompong Som which is called Koh Kok and leads out into international waters. A lumberman who is very knowledgeable about the lumber market in Vietnam has reported that "Vietnam buys timber for around $110 per cubic meter. Then they turn around and sell it for around $220 a cubic meter." "Vietnam makes a triple or quadruple profit in the sale of this wood."

* Thai Marine Comments on Khmer Rouge Trade
94SE0189B Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 27-28 Jun 94 pp 1, 11

[Text] Every morning in the market at "Khlong Ta Dam" in Chantaburi Province which is located near the Cambodian border opposite the Pailin region, there is frantic activity by the Thai gem dealers, who have been there since dawn, to buy and sell sapphires and rubies which the Khmer Rouge have brought to sell.

The Khlong Ta Dam Market or as it is also called the Black River Market is an important market in the gem trade which provides huge profits to the Khmer Rouge. This market is located in Pen Nam Village in Thai territory seven kilometers east of National Route 317 which is under the control of the Thai border surveillance network.

The Khmer Rouge are established in a nearby village about 300 meters from the gem market which is in Thai territory; they usually get there across a wooden bridge guarded by Thai marines carrying M-16s.

A Thai marine named Niphon Saeggham, who is stationed on the border, said, "The Khmer Rouge sell gems there very quickly; they don't remain there very long." "The Khmer Rouge come to sell gems and they get about 1 million baht in a single day; then they scurry back into Cambodian territory."

Niphon estimates that the weekends are very busy with about 500 people buying and selling gems at that market. They make that little market a very crowded place.

If the gem mining operations at Pailin operate at a normal pace, the Khmer Rouge can collect about $280,000 a week selling gems at the Khlong Ta Dam Market. That market has doubled in importance as a trading place for the Khmer Rouge and their families in the purchasing of various items. They can travel by way of the pot-holed red road to the thatch-covered bamboo market to buy different kinds of merchandise such as clothing for their children, meat, cooking oil, cigarettes, and so on from the approximately 25 Thai merchants who have set up stalls there. Every single one of these activities at that place is carried out under the observation and examination of the Thai marines.

These are troops of the Thai National Navy which are stationed in that area. They wear black clothing and paratroop-style uniforms. Niphon said that black clothing of this kind is worn in order to disguise their activities and identities as Thai units or in order to show that by wearing the paratroop-style clothing they are just a regular Thai military unit. All those Thai soldiers are usually known as the "Black River Troops." They were named after the dirty, black river which runs along the Cambodia-Thai border for 700 km. In order to control people coming to and going away from the Khlong Ta Dam Market, the Thai marines with the Khmer Rouge have created an observation network between points on the border and points east of National Route 317 directly to commercial points.

Niphon said that the Thai troops which are stationed in this region and at these points all know how to speak Cambodian. There is security on Thai territory for them to sell the Pailin gems because the gem trade marks the only source of financial income for Chantaburi Province and the local trade helps keep the international gem trade afloat as well.

The influx of gem dealers from Burma and foreign commerce into the gem market has decreased twofold because of the constant fighting. A number of gem buyers say that Pailin gems bring very high prices because not many are sold on the market. Tawee Sak said that, "Pailin gems are the best. That is why fake Pailin gems are sold in the Chantaburi Province market. This is a dangerous market because there are not many genuine Pailin gems."

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Indonesia

Editorial Praises Carter for Haiti Settlement

BK2909060794 Jakarta THE JAKARTA POST in English 20 Sep 94 p 4

[Editorial: "Appointment in Haiti"]

[Text] Finally, after so much bluff and defiance, the Haitian dictator, Lt. Gen. Raoul Cedras, has been forced to return to his senses. He has decided to quit, calling off his plan to sacrifice the Haitians for his pride.

Former U.S. president Jimmy Carter, a moralist and statesman, deserves credit for making the planned military invasion of the small country unnecessary. Carter has not only saved the lives of Haitian people and American soldiers, he has also saved President Bill Clinton from his first serious threat from outside.

Before Carter returned home from the high-voltage mission, many circles in the Unites States had voiced concern that it would become bogged down in the trouble-prone country where military intervention seemed more feasible that any other method of giving democracy a chance. They said Clinton had not drawn a clear picture of how the deposed elected president, Jean-Bertrand Aristide, could survive. And with the Somalia morass fresh in the minds of millions of Americans, confidence in the possibility of a successful mission was not running high.

It is undeniable that any effort to restore democracy in Haiti by force could quickly prove an impossible mission. And failure would put Clinton, who is now waiting out a mid-term congressional election campaign, in hot water.

Now, with the U.S.troops landing on the island peacefully today, the question foremost in minds across the world is whether they will be able to uphold Aristide's government in the long-run. One might also wonder whether the fall of Cedras will deter other generals from deposing a democratically-elected leader in the future?

The trouble with this impoverished country—where the land is insufficiently arable and the illiteracy rate is the highest in the world—is that it has proven itself consistently capable of producing rich dictators. Haiti's 200 years of turbulent history of coups and counter-coups has done little to discourage generals from risking the gamble of seizing power in a bid at reaping the forbidden fruits of dictatorship.

The presence of U.S. troops there today will certainly be able to put any anti-Aristide resistance groups at bay. But what will happen when the American military withdraws?

Although it seems imperative for Aristide to purge the Cedras elements from the military who helped unseat him in 1991, as the elected president, who is also a Catholic priest, he is sure to find himself obligated to refrain from launching a vengeance campaign. Therefore, Aristide is facing a situation in which he clearly must commit himself to promoting reconciliation among all of his people—as he has promised—before his term ends in December next year.

Although America's uphold-democracy stance may seem commendable, the question remains as to whether this operation has proven that democracy can be implanted by force.

It seems to us that if the leaders in Washington—who have on many occasions exhibited double-standard morality—are sincere in their solemn pledge to save democracy from the jaws of power-hungry generals, they should give more serious thought to how to save Algerians, Nigerians, Bosnians and Myanmarese [Burmese] from the military hells in which they exist.

* Rice Trade, Production After GATT Examined

94SE0242A Jakarta BISNIS INDONESIA in Indonesian 22 Aug 94 p 6

[Article by Adig Suwandi: "Indonesian Rice in the Midst of the Liberalization of World Trade"]

[Text] After seven years in a whirlpool of uncertainty, the eighth round of negotiations of the General Agreement on Tariffs and Trade (GATT), the Uruguay Round, finally ended with The Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations signed by 125 member nations in Marrakech, Morocco on 15 April 1994. The agreement that was signed was in the end the broadest and most significant agreement to liberalize trade in human history.

One of the most important implications of GATT for Indonesia is the obligation to import 10,000 tons of rice from the United States. This is not being done because Indonesia is short of rice. These imports will in fact not have any effect on the domestic rice market, considering that the amount is very small compared to national rice consumption which reached 25 tons [as published]. In addition, so that the imported rice does not disrupt the market for rice produced by local farmers, the type of rice selected is one that is not produced domestically. This rice will be allocated to hotels and restaurants.

GATT's regulations for rice commodities require that every nation accept a minimum access opportunity (MAO) of three percent of its level of domestic consumption. If this regulation were to be obeyed fully, Indonesia would have to import no less than 700,000 tons.

However, at the final stage of the Uruguay Round negotiations, which took place in December 1993, Indonesia attempted to soften this regulation. It objected to the MAO regulation on the basis of Indonesia's population, which is very large, and on the characteristics of the world rice trade, which are very specific. That is why Ibrahim Hasan, minister of food and director of the

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Logistical Bureau, believes that it is unrealistic to apply the import regulation of three percent of domestic consumption to Indonesia.

The amount of MAO rice itself is only about 12 million tons or four percent of total world rice as a whole, whereas Indonesian rice production is about 31 million tons with a level of consumption of 25 million tons. The world rice market also tends to be dominated by only three producers—the United States, Vietnam, and Thailand. These three control about 60 to 70 percent of the world rice market. As a result, the price of world rice is very unstable.

Up to this point, Indonesia, as opposed to Japan and Korea, has not closed off rice imports. This can clearly be seen from the export-import balance of rice since Indonesia took the position of self-sufficiency in rice in 1984. Logistical Bureau figures show 1984 rice exports of 375,000 tons and 1992 exports of 72,900 tons and imports of 63,900 tons.

The position of self-sufficiency adhered to by Indonesia is characterized by "on trend" implementing imports or exports on the basis of the economy and efficiency. Based on these considerations, Indonesia then proposed its willingness to import a maximum of 50 percent of the amount of imports that it had ever made, that is, about 70,000 tons with an in-quota tariff rate of 90 percent. A ceiling binding offer (CBO) would be imposed on imports which exceeded this amount, that is a duty calculation based on 180 percent of the domestic stable price. The reason was that rice had never been tied to GATT regulations before the Uruguay Round. In addition, setting a CBO would be more beneficial than a system of duties with more open calculations.

The liberalization of trade and GATT are basically the logical consequences of Indonesia's economic policy which is becoming more and more open and integrated into the global economy. In that way, every change that occurs internationally and regionally carries with it a number of implications that finally end up in the need for the strategic restructuring and reformulation of a broad spectrum of national economic policy.

As for rice, the implications of GATT will have an indirect connection to farmers' motivations to set rice as the farm commodity which, they hope, will escalate prosperity. If this prosperity is not achieved, it is possible that the farmer will abandon this traditional commodity and switch over to another commodity which provides direct and significant added value.

Policies that give the farmer an impetus to continue to work hard to increase the productivity of his land are an absolute necessity.

We can certainly never forget the experience of the 1960's when food shortages, especially rice, had various social consequences. There were other experiences, in the 1970's and 1980's, when swelling imports resulted in increasing dependency on the foreign market. Emphasizing the development of agriculture in order to increase food production (rice) was supported by the desire to free ourselves from the dependency on imports and also was more broadly justified from both economic and noneconomic viewpoints.

As for the basic foodstuff (rice), every imbalance in demand or supply will cause social unrest. If the price is too high or availability on the international market is limited, this will provide an impetus for import substitution. In addition, the availability of technology and technical measures make it possible to apply high-grade seedling technology and heavy fertilization in order to multiply production.

Rice production technology is considered neutral to the scale of business and its effects on small farmers' income is very great. The development of the food economy will finally have a multiplier effect on income and on local and regional work opportunities and will contribute a lot to regional development.

All of this provides a stronger base for improved conditions in order to achieve a balance between the urban and rural areas. Furthermore, the effect of production growth reaches millions of producers and consumers whose prosperity continues to improve and also contributes to the growth and stability of national economic development.

However, success in achieving self-sufficiency in food is not without a cost in the broadest sense. As a consequence of concentrating on increasing rice production, other agricultural development programs are pushed aside, as it were. In fact, the impression is that they are unreachable or unmanageable.

After the era of self-sufficiency in rice was achieved, more time and attention was paid to broadening the scope of this food policy. Greater value was placed on new approaches and paradigms for more serious agricultural development, one no longer based on food crops but rather on a broader conception of agriculture in seeking new sources of growth in this sector.

The approach used is no longer based on increasing production but has shifted in the direction of increasing prosperity. With such a formulation the competitive excellence of an agroecosystem need not be forced onto one commodity. Agricultural diversification will play a role in further development. But there must continue to be self-sufficiency in rice.

As a large country, if there is a deficit or surplus of only 10 percent of total domestic needs, Indonesia will increase or reduce the supply of rice traded on the international market by 25 percent. For rice this means that the small country assumption, which is often used in international trade analyses, is irrelevant. Analogous to that perception, it makes sense that self-sufficiency in

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

rice will continue to influence our agricultural development policies during PJP [Long-Term Development] II despite an expected growth rate of only 2.1 percent or 0.2 percent above population growth.

In accordance with the 1993 GBHN [Broad Outlines of the Nation's Direction], food crop development will continue to increase in order to maintain stability in food self-sufficiency, to increase incomes and to improve nutrition through the diversification of food types. In that way, the concept of self-sufficiency in food which we wish to achieve in PJP II is a broad self-sufficiency and refers to food-economy orientation in the broadest sense.

To bring about these three goals, the concept of self-sufficiency which we have all understood up to now and which has been misinterpreted as the lack of imports, must have a broader emphasis. To aim for the achievement of a more reliable self-sufficiency in food, several things must be taken into consideration. Up to now there have been at least three basic concepts of self-sufficiency: absolute, on trend, and import self-sufficiency, which is the ability of the economy to pay for food imports from export revenues.

Laos

Border Subcommittee With Thailand Holds Meeting

BK2809062494 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 27 Sep 94

[Text] On the morning of 24 September, The Lao-Thai and Thai-Lao General Border Peacekeeping Cooperation Subcommittees held their third meeting of the year at the Rimkok Resort Hotel in Thailand's Chiang Rai Province. The meeting was cochaired on the Lao side by Colonel Bouakiang Champaphan, deputy chief of the combat unit attached to the General Staff Department and deputy chairman of the Lao-Thai General Border Peacekeeping Cooperation Subcommittee, and by on the Thai side by Lieutenant General Phisan Chiprawat, chief adviser to the General Staff and deputy chairman of the Thai-Lao General Border Peacekeeping Cooperation Subcommittee.

During the meeting, the two sides jointly reviewed and discussed various events that have occurred along the border over the past three months. The two sides were satisfied with their good relations and continued consultations on the border issue, as a result of which tranquillity has basically been maintained along the border. Though certain problems have arisen, these have all been settled through consultations at the local level. Most of the problems involve illegal entry into the two countries. In this regard, the two sides agreed it is appropriate for them jointly to educate and train people to understand and strictly comply with the regulations and laws.

The two sides were also of the view that actual progress has been achieved in coordination and joint work between the two general border peacekeeping cooperation committees at the provincial level. In view of this, the two sides agreed to encourage the various Lao and Thai provinces that share common borders but have not yet organized consultative meetings to make arrangements to hold official meetings. These provinces are, in Laos and Thailand respectively, the Sianghon-Hongsa Special Zone and Phayao Province, Sayaboury Province and Phitsanulok Province, Bokeo Province and Chiang Rai Province, Vientiane Municipality and Nong Khai Province, and Champassak Province and Ubon Ratchathani Province. As for the provinces that have already held meetings, they have been asked to continue with these meetings on a regular basis.

With regard to the permanent border checkpoint between Houi Khon village in Thung Chang District, Nan Province in Thailand and Ngeun District, Sianghon-Hongsa Special Zone in Laos, this is now open for Lao and Thai people to exchange visits. This is considered one measure to prevent illegal entry and other illegal practices. It is appropriate, therefore, to cooperate in setting up many more permanent border checkpoints in the future.

Finally, the two sides agreed that their next meeting will be held in the Lao People's Democratic Republic. This will be a preliminary meeting for the fourth meeting of the Lao-Thai and Thai-Lao General Border Peacekeeping Cooperation Committees, which is scheduled to be held in late December 1994.

Lao, Thai Provincial Committees Discuss Security

BK2809150794 Vientiane KPL in English 0930 GMT 28 Sep 94

[Text] Vientiane, September 28 (KPL)—The first meeting of the Laos-Thailand border security cooperation committees of Vientiane Municipality and Thailand's Nong Khai Province opened in Nong Khai yesterday, reports "VIENTIANE MAI" newspaper today.

The Lao delegation was led by Mayor Boun-gnang Volachit of Vientiane Municipality, who is also president of Vientiane's border security cooperation committee, while the Thai side was led by its governor, Anan Chaengklip who is also president of Nong Khai's border security cooperation committee, writes the report.

The meeting was (?aimed) at discussing the good relationship between the two neighboring countries, Laos and Thailand, in general, and between Vientiane and Nong Khai in particular. The two side also agreed on some measures necessary for keeping the security and order along the border to meet the ardent aspiration and just benefit of the two nations' people, writes the report.

A memorandum on local-level border security cooperation was signed during the meeting, reports the daily.

According to the memorandum, the two sides will not allow ill-willed people, terrorists, criminals, kidnappers,

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

tnieves, and other bad elements on the soil of each side to activate in the other country. Measures of interception and suppression as well as arrest, investigation, and prosecution will be taken against those wishing to undermine the relationship between Laos and Thailand, elaborates the newspaper.

Concerning immigration control, it was agreed that illegal immigrants would be immediately arrested. Following the investigation and prosecution, the relevant authorities will inform the other side of the arrest no later than five days. The date of the return of the illegal immigrants will be fixed by both sides, goes on the report.

The discussion also touched upon the traffic of vehicles and passengers over the friendship bridge, the over-stay, the illegal marriage between the people of both countries, the interception and suppression of smuggling movement, drug and war arms trafficking, and other issues, writes the daily.

Assembly Session Discusses Development Plan

BK2809131894 Vientiane KPL in English 0918 GMT 28 Sep 94

[Text] Vientiane, September 28 (KPL)—The fifth ordinary session of the National Assembly (third legislature) opened here on September 26 morning.

In his opening speech, Saman Vi-gnaket, president of the National Assembly, said that the session opened while the entire Lao people were striving to implement the 1994-2000 state plan of socioeconomic development, to stabilize the political situation, to participate in the national defense and security, to constantly develop the national economy, the socio-cultural affairs of national, popular, and progressive characters, and to strengthen the national unity among all ethnic groups and to gradually improve people's living conditions.

The session will evaluate the execution of the socioeconomic development plan and of the state budget for the 1993-1994 period, the guideline of the 1994-1995 socioeconomic development plan and the 1994-1995 state draft budget, the implementation of the Constitution and laws, the 1993-1994 operation of the judicial institution and of the National Assembly, the action plan of the National Assembly for the 1994-1995 and 1994-1998 periods.

The deputies will also find out strong and weak points, and shortcomings of the execution of the socioeconomic development plan and the state budget, and the operation of the National Assembly in the previous period.

The session is expected to consider and endorse laws on guarantees and bankruptcies.

During the first-day session, Mr. Khamphoui Keoboualapha, vice premier and president of the Committee for Planning and Cooperation, presented to the session a report on the implementation of the 1993-1994 socioeconomic development plan and a draft plan of the 1994-1995 socioeconomic development. Then, Khamsai Souphanouvong, minister of finance, reported to the session the implementation of the 1993-1994 state budget and the guideline of the 1994-1995 state budget.

Attending the opening session were Khamtai Siphandon, president of the Lao People's Revolutionary Party Central Committee (LPRP CC) and prime minister of the Lao People's Democratic Republic (LPDR); Nouhak Phoumsavan, LPRP CC Politburo member and president of the Republic; LPRP CC Politburo members; vice prime ministers; ministers; presidents of the state committees; heads of the party and mass organizations; prominent figures; representatives of intellectuals and businessmen; diplomatic corps; representatives of international organizations in Laos and all the deputies.

On the second-day session, the participants continued the study of the report on the implementation of the 1993-1994 socioeconomic development plan presented by Mr. Khamphoui Keoboualapha.

According to the initial study, the National Economy has grown at a high rate and developed along the path of the state-defined economic structure of the combination between the sectors of agriculture-forestry and industry and services.

In 1994, the gross domestic social output will grow by 7-8 percent, in particular agriculture-forestry sector by 7 percent over the planned figure of 5-6 percent, industry by 8-9 percent compared with the planned 10-12 percent, and services by 7 percent against the planned 10-11 percent. The growth of the national per-capita income is predicted at 4-5 percent compared with the previous year's of US$335 per capita per year. The annual rate of inflation is about 8 percent, which is under control.

The export value is expected to surpass last year's. The foreign rate [words indistinct] account for nine percent of the gross domestic output, considered normal rate for countries embarking on the development path.

The state investment in infrastructure construction totals 139.5 billion kip, accounting for 12.6 percent of the gross domestic social output. This includes 34.1 billion kip of domestic capital and 105.4 billion kip of foreign funds, surpassing the planned figures by 2.2 billion kip and 15.5 billion kip respectively.

The fifth ordinary session of the National Assembly (third legislature) is scheduled to close on October 14, 1994.

Philippines

Ramos on Malaysia Defense Pact, Yeltsin Speech

BK2809125594 Quezon City PTV-4 Television Network in English 0720 GMT 28 Sep 94

[Weekly news conference by President Fidel V. Ramos before domestic correspondents at Malacanang Palace in Manila—live]

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

[Excerpts] [passage omitted] I am also issuing a statement hailing the signing of the Philippine-Malaysia Defense Cooperation Agreement which was signed by Secretary De Villa on the part of the Philippines and Minister Najib on the part of Malaysia. It is premature to suggest that ASEAN will transform itself into a regional defense organization. What has been undertaken is merely a bilateral agreement for greater cooperation in defense matters such as in regard to the sourcing of defense material, joint-training, exchange of visits of high military and defense officials as well as continued exchange of information of a security nature. [passage omitted]

I have issued a statement on the nuclear weapons treaty proposed at the United Nations by President Boris Yeltsin of Russia. We note with appreciation his initiative, his vision on the part of world leaders such as President Yeltsin of the Russian Federation to address the global problems posed by the existence of nuclear and other weapons of mass destruction and to prevent their proliferation. This is very daring on the part of President Yeltsin because many of the so-called nuclear weapons are those in the hands of the old USSR, now three different republics including the Russian Federation that came out of the post-Cold War period. President Clinton also in a similar appearance at the U.N. called for a global task force to dismantle all of the antipersonnel mines planted all over the world which are a threat to the innocent. So these initiatives are very worthy of commendation. [passage omitted]

Columnist Views Malaysian Defense Agreement

BK2809105194 Manila THE SUNDAY CHRONICLE in English 25 Sep 94 p 7

[From the "Focus" column by Frank Gorospe Longid, Jr.: "Cozying Up to Malaysia"]

[Text] Among the members of the Association of Southeast Asian Nations (Asean), the Philippines and Malaysia have the most to quarrel about: the "Sabah problem."

Despite this, Manila and Kuala Lumpur are taking the lead in what they hope will be a process which will result in greater cooperation and mutual trust among Asean countries. In addition, the institution tasked with doing the fighting—the defense establishment—is doing a lot, if not most, of the talking.

Setting aside their differences over the Sabah dispute, and glossing over the ill feelings created by the arrest of Filipino domestic workers in Malaysia, the defense and foreign affairs departments of both countries have managed to eke out a draft memorandum for defense cooperation.

The memorandum of understanding (MOU) will be signed tomorrow by Defense Secretary Renato de Villa and Malaysian Minister of Defense Datuk Seri Najib Tun Razak, who is arriving in Manila this evening.

The agreement, it is widely hoped, will lead to the forging of more bilateral agreements within Asean, thus strengthening the organization. Lt. Gen. Alfredo Filler, the Armed Forces vice chief of staff, says that after the RP [Republic of the Philippines]-France defense cooperation arrangement was signed, officials from several other European countries "asked how they too, could enter into a similar agreement."

He says "we are hopeful" the same thing will happen when Razak and de Villa sign the RP-Malaysia memorandum.

But while Asean members may encourage the establishment of a network of bilateral agreements, officials of countries in the region downplay the possibility of a multilateral security framework, at least in the foreseeable future.

The purpose of these bilateral agreements, Filler explains, is to encourage "transparency" among states in the region, not to create a military alliance to the exclusion of other countries. It is feared that the formation of a military alliance, or anything resembling it, may be taken as a provocative act by other Asian countries.

"The whole point of this," Filler says, "is that we hope this MOU will lead to other similar MOUs, which will result in greater transparency and mutual confidence."

Transparency is important, he says, because "if it exists, you can know just by scrutinizing the range of weapons a country has whether it has an offensive capability or whether its military force is purely defensive in nature."

A copy of the MOU shows that the cooperation with Malaysia will not only include the conduct of military exercises and the exchange of information and students, but will also include the possible joint use of defense facilities for "transit, service and maintenance."

More important will be the cooperation on defense equipment and technology, to include "repair, service and procurement," as well as the facilitation and development of "technological, commercial and economic links between defense-related companies from both countries."

At present, Filler says "we are already negotiating for the repair of the Air Force's C-130 transport aircraft." Malaysia, which has recently taken steps to beef up its air force, is more than qualified for such a job. Kuala Lumpur has just recently purchased 18, Mig 29's from Russia and eight F-18's from the United States.

If the agreement works out—and defense officials say they see no reason why it won't—Filler says "we can get to the point where we can discuss a similar agreement with Indonesia, which includes joint border patrol and border crossing provisions." The absence of such an arrangement with Malaysia can be pointed to as one of the reasons for the outbreak of tensions between the two

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

countries. "Within the region, overlapping boundaries have been sources of concern."

In fact, defense officials reveal, joint border patrol and border crossing arrangements are already being treated as an eventuality. After the agreement is signed, a joint RP-Malaysian committee will meet at the Department of National Defense in Camp Aguinaldo. The conference is supposed to set the guidelines for the cooperation provided for by the MOU.

But one source says it is likely the discussion will even be "more forward looking." He says that he expects such topics as border patrol, as well as combating piracy, drug trafficking and smuggling will be taken up. In addition, topics like pollution control, and joint search and rescue operations (in the event of natural disaster) will "most likely be discussed."

He says "it is this form of cooperation which will be most useful—for both countries."

Of course the establishment of bilateral agreements within Asean will not make the tensions go away. But, Filler points out, they will be more manageable. "If we can build confidence, we enhance relationships within the region."

Another benefit of closer intra-Asean ties is that their establishment will give countries in the region a better bargaining position visa-vis China, whose military spending has increased 116 percent in the past decade.

Keith Eirenberg, Asia analyst at the U.S.-based Center for Strategic and International Studies, says that if Asean wants to get Beijing to approach the negotiating table, it should do so now, before China starts to realize its potential as a military power. "Ten years from now," he says, China might be less inclined to be cooperative.

In addition, he says Asean should dialogue with more powerful nations—again he cited China—as a group and not as individuals. The organization's collective strength, he says, will more than make up for the individual weaknesses of its members.

The strengthening of Asean is especially important for countries on Asia's mainland—which have the most reason to fear any militarism displayed by Beijing—and countries like the Philippines, whose external defense capability leaves much to be desired.

Scheduled Talks With Communists 'Postponed'

BK2909041094 Manila BUSINESS WORLD in English 26 Sep 94 p 14

[Excerpt] Talks between the government and the communist National Democratic Front (NDF) scheduled for this month in Europe have been indefinitely postponed pending a fresh round of issues expected to be brought up by the communists before the resumption of the negotiations.

Tarlac Rep. Jose Yap said the government panel talking peace with the rebels has yet to receive confirmation from the Netherlands-based leadership of the communist movement for the preliminary talks, originally scheduled for the third week of September. He said it was the NDF who suggested the date but has failed to communicate with the government panel as to when the talks can finally resume.

He refused to speculate on the tactics being employed by the NDF but said the negotiations, which should have happened this month, will determine the second round of formal talks between the Philippine Government and the communists.

Another government negotiator who requested anonymity said NDF leaders Jose Maria Sison and Luis Jalandoni may be delaying the talks to come up with fresh issues against the government. Expected to be brought up by the NDF in the coming days are the recent developments concerning the 1971 bombing of Plaza Miranda in which Mr. Sison was tagged as one of the suspects.

Ramon Montano, presidential adviser on police matters, recently said the communist leader should not be cleared off with regard to the Plaza Miranda bombing.

Another issue may be the arrest last month of Eduardo Quitoriano, an alternate member of the Netherlands-based central committee and the movement's representative to other communist countries.

Still, hopes are up that the talks will happen before the year ends. Silvestre Bello, another government negotiator, said the peace talks may take place next month. [passage omitted]

Thailand

Editorial Views Chuan's Visit to Canada, U.S.

BK2909131594 Bangkok MATICHON in Thai 29 Sep 94 p 2

[Editorial: "Visit to Canada and the United States"]

[Text] Prime Minister Chuan Likphai will probably not find his visit to Canada and the United States to be all smooth. He will lead a delegation on an official visit to Canada during 28 September-6 October and afterward will stop over in the United States to attend a hastily scheduled meeting with U.S. President Bill Clinton. There is probably more to the meeting with the U.S. president than just the inauguration of the Thai-U.S. Business Council. Observers of international events will be closely following the outcome of the meeting.

Trade is the main point of the prime minister's visit to Canada. Because the current trade volume between Canada and Thailand is not that great, at issue will be efforts to increase the volume, particularly by persuading Canadian investors to see the possibilities for using

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Thailand as a production base for the growing markets in Southeast Asia and China. The Thai Government is currently promoting foreign investment in its Zone 3.

It is not going to be easy for the prime minister to convince Canadian investors of the potential in Southeast Asia, which is quite a distance from Canada. Canada is party to the NAFTA [North America Free Trade Agreement] with the United States and Mexico. Many Canadian investors see Mexico as a much more interesting place for investment than Southeast Asia. In any event, a foreign visit by a government leader is an essential part of global trade, at least for the purpose of exploring new markets, sources of capital, and technologies for national development.

The stopover in the United States after the visit to Canada to meet with the U.S. president has been hastily arranged, reportedly at the behest of the U.S. president. The invitation by the U.S. leader to the Thai prime minister to join in the inauguration of the Thai-U.S. Business Council could be just a pretext for a consultation on topics which currently are open to speculation.

A speculation is that the U.S. leader will lobby for Thai support at the November meeting of APEC leaders in Indonesia, where the free trade area in the APEC will be discussed. If this anticipation is accurate, the Thai Government must be prepared to see and correctly judge how Thailand can reap the most benefit. Let's hope that the prime minister's staff already has in mind which form of APEC will most benefit Thailand.

Cabinet Approves Plan To Buy 6 Bell Helicopters

BK2809044694 Bangkok THE NATION in English 28 Sep 94 p A2

[Text] Prime Minister Chuan Likphai yesterday rebuked Defence Minister Gen Wichit Sukmak for his proposal to purchase six Bell helicopters and other military facilities, according to well-informed sources. Wichit's proposals were not known among Cabinet ministers, thus giving them little time to study them carefully. The Bell purchase requires budget commitment stretching over several years.

Chuan said during yesterday's Cabinet meeting that Wichit shouldn't make so many proposals at once and at the end of the 1994 fiscal year. This made it difficult for the Cabinet to carefully consider them all.

The premier also criticized other ministries for asking the Cabinet to approve their budgets at the end of the fiscal year. He suggested they don't know how to spend their budgets within the fiscal year. However, the Cabinet approved in principle the purchase of the six helicopters worth more than Bt1 billion and the purchase of road-coating machines by the Defence Ministry.

The Cabinet also authorized the ministry to buy a telecommunications system for military use in the South, worth Bt [baht]719 million. The sources said the ministry did not explain in detail the rationale for the purchases.

Further, Wichit said the Army may also consider buying American M60 A3 tanks.

Army Commander-in-chief Gen Wimon Wongwanit said it's necessary for the Thai Army to buy the US tanks because its current stock is obsolete.

Army To Purchase 100 M60-A3 Model Tanks

BK2709150094 Bangkok Radio Thailand Network in Thai 1200 GMT 27 Sep 94

[Text] Speaking to reporters about the Army's plan to purchase M60-A3 tanks, Army Commander General Wimon Wongwanit said that the decision to buy the new tanks was made by the Army Weapons Procurement Committee. The M60-A3's will replace the obsolete tanks that have been in service for a long time under a scheme to develop and modernize the Army. The M60-A3 tank was chosen because of its high efficiency. The number to be purchased is about 100, enough for two battalions. The committee will consider the price in making the purchase arrangements on a government-to-government basis and choosing the supplier company.

Cambodian Troops Warned Not To Protect Thieves

BK2909073194 Bangkok BANGKOK POST in English 29 Sep 94 p 10

[Text] The Thai military, faced with cross-border intrusions by Cambodian government troops allegedly to protect car theft gangs, has warned Khmer military leaders to take serious action against their soldiers.

According to the Foreign Ministry's Information Department, Burapha Task Force deputy commander Atchawin Sawetserani spoke to Cambodia's 12th Division deputy commander Sao Socheat about the problem at a meeting on Tuesday. Col Atchawin said Cambodian government soldiers have crossed the border into Thailand to help steal cars and commit other crimes. He said Khmer troops had also troubled Thai villagers. He claimed the situation had become worse since car thieves and other bandits had formed well-organised and heavily-armed gangs.

The Thai army officer said these gangs were protected and could call for reinforcements from the Cambodian Army during clashes with Thai forces.

The latest intrusion occurred last Saturday when about 20 Cambodian soldiers fired at a Border Patrol Police unit at Ban Thap Siam in Sa Kaeo Province's Ta Phraya District, allegedly to help car thieves who tried to smuggle three stolen pick-up trucks across the Thai border into Cambodia. The Thai police were patrolling that area when they spotted the three trucks and tried to search them. The drivers, however, resisted and opened

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

fire with military weapons. They clashed for about half an hour during which the thieves were allegedly reinforced by Cambodian government soldiers. The car theft gang finally managed to get two pick-up trucks into Cambodia.

A Border Patrol policeman was injured in the fighting. He has been treated at Ta Phraya Hospital and his condition has steadily improved.

The Information Department said Col Atchawin had told Lt-Gen Sao to search for the Cambodian soldiers involved in the incident, as well as to retrieve the two stolen pickup trucks and return them to the Thai owners.

The Thai side informed the Cambodian authorities that last Saturday's clash which occurred about two kilometres inside Thailand, was the third and most intense of its kind in the past month.

According to Col Atchawin, a number of Cambodian government troops crossed into Thailand on August 15 to help protect a gang which stole two 10-wheel trucks and clashed with Thai forces at an area about one kilometre from the border. The Khmers received reinforcements and successfully took the vehicles across the border.

On September 3, Thai and Cambodian soldiers clashed near the Thai border at Ban Ang Sila in Ta Phraya District while car thieves were trying to smuggle a car into that country.

A Cambodian soldier, identified as Lt Mao Phan of the 12th Division, was shot dead. His commander later came to inspect the body and conceded he was a Cambodian government soldier.

The Information Department urged Cambodia to take drastic action to prevent its soldiers from conspiring with gangsters to commit crimes along the border. The illegal activities also showed that some Cambodian government soldiers did not use their weapons for safeguarding the country but instead for personal gain, the Information Department said.

Central Bank Adjusts Inflation Rate Upward

BK2809061694 Bangkok THE NATION in English 28 Sep 94 pp A1, A4

[Report by Charuwan Loetwinyu]

[Text] The Bank of Thailand yesterday adjusted this year's expected inflation rate upwards to 5.0 per cent, its second revision, as domestic demand shows no sign of slowing down and wages continue to rise. A tightening of monetary policy is expected to follow, a top official warned. The central bank at the beginning of the year predicted an inflation rate of 4.2 per cent for 1994 and then revised it at mid-year to 4.8 per cent.

Bandit Nichathawon, deputy director for the central bank's Economic Research Department, said the previous revision did not take into account the recently approved 14-15 per cent salary increases for civil servants and state enterprise employees.

Labourers are also seeking a Bt [baht] 3 daily increase in the minimum wage to Bt135, which could add another 0.1 percentage point to inflation. The impact is seen as insignificant, as there are only three months left in the year.

"We accept that there is pressure on inflation from several directions. We are unable also to appraise the salary increases in the private sector," Bandit said.

The central bank earlier asked the Thai Bankers Association not to raise wages of bank staff excessively or all at once. The Commerce Ministry has also set up a centre to control prices of basic goods. Technocrats have complained of excessive wage increases, partly reflecting the lack of skilled manpower in the job market, as a threat to Thailand's export competitiveness.

Within Asia, Thailand is not unique in experiencing inflation this year. China and South Korea are witnessing even higher inflation rates, but inflation in Malaysia, Singapore and Japan is lower. One key indicator of spiralling inflation is bank credit extension which swelled by 25.4 per cent in the first eight months of this year. Domestic demand for imported products, department store goods and automobiles has also been high.

Options the central bank can use to tighten credit demand include intervening in the repurchase market, raising bank cash reserves from two per cent to 2.5 per cent, and clarifying the differences between local deposits and external borrowings, which are partly cheaper since they have no bearing on the domestic cash reserve requirement. Another option is mandatory contributions to the Fund for Rehabilitation of Financial Institutions used for rescuing ailing financial institutions.

"We have to decide which to choose when the time comes. The softest would be intervention in the repurchase market," Bandit said.

Banks have managed to mobilize only 12.9 per cent in the first eight months of this year. Different liquidity positions among banks are sending mixed signals all around. Thai Farmers Bank is thinking of reducing its deposit rates but Bangkok Bank is speeding up deposit mobilization.

Thai banks next month are expected to raise their minimum lending rate by 0.25-0.5 per cent from the current range of 11.75-12.5 per cent. They may now have to think of raising the prime rate which is 11.75-12.5 per cent.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Citing crucial data, Bandit said imports in August grew 29 per cent while imports of consumer products were up by 33 per cent. Imports in the first eight months grew 16.4 per cent compared to the target of 15.3 per cent at mid-year. These factors along with the wage increases in the public sector have led to the revision of the inflation rate for the second time. Inflation on a 12-month average was running at 4.5 per cent in August.

The central bank early this month jacked up its discount rate, which is used as a base for commercial banks, from nine to 9.5 per cent. Analysts expect monetary policy to become tighter in the final quarter which is the high spending season. The central bank's target-for bank credit extension this year is 21.7 per cent.

In the first eight months bank credit extension grew 25.4 per cent to Bt3.1 trillion. If the credit growth is curtailed to 21.7 per cent then the final four months this year will see the expansion of credit by another Bt150 billion, given the entire year target of Bt3.2 trillion.

"If we can keep inflation within five per cent this year we will have room to grow the next one to two years. Inflationary pressure is expected to be higher next year as the world economy continues its recovery. This will be a key factor determining whether inflation next year will be six per cent or not," Bandit said.

Vietnam

Finance Minister Meets With Iraqi Delegation

BK2909062194 Hanoi VNA in English 1419 GMT 28 Sep 94

[Text] Hanoi VNA Sept. 28—Finance Minister Ho Te held talks here this morning with delegation of the Iraqi section of the Iraq-Vietnam Joint Committee led by Minister of Trade Muhammad Mahdi Salih, who is now in Vietnam to attend the eighth conference of the committee.

Present at the talks were Iraqi Ambassador Dr. Salih Mahdi and a number of Vietnamese senior officials from the Ministries of Trade, Finance, Labour, and Foreign Affairs.

During the talks, Minister Ho Te said that Vietnam had scrupulously implemented agreement with Iraq on paying its debt in kind namely tea, rice and other goods. In 1995, Vietnam will continue to pay debts to Iraq.

For his part, Mr Muhammad Mahdi Salih hailed Vietnam's efforts to implement the agreement reached between the two countries earlier.

The delegation will meet with officials of the Ministries of Finance, Public Health, Transport and Communication, Construction, Vietnam Airlines, and Agriculture and Food.

In the forth comming conference of the Iraqi-Vietnam Joint Committee, the Iraqi delegation plans to discuss with the Vietnamese side on the schedule for Vietnam's debt payment in 1995, Vietnam's export to Iraq, as well as the possibility of labour cooperation between the two countries in 1995.

Deputy Foreign Minister's European Trip Reported

BK2909085594 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Sep 94

[Text] At the invitation of the foreign ministries of west and north European countries, Deputy Foreign Minister Nguyen Dy Nien paid working visits during 5-23 September to Great Britain, Sweden, Norway, Finland, and Italy.

In these countries our delegation was warmly received and held meetings and discussion sessions with leaders of foreign and cooperation ministries, development agencies, and representatives of a number of companies to exchange views and measures to promote friendly and cooperative relations in culture, science, and technology between us and these countries.

All the countries that the delegation visited highly valued the achievement of our comprehensive renovation undertaking and considered Vietnam an important part of Asia. They hailed our open-door foreign policy and held that Vietnam's participation in ASEAN would open new possibilities for diversified relations with western and north European countries as well as with the European Union [EU]. The respective countries also affirmed the policy of developing long-term and mutually beneficial relations with Vietnam.

Despite some economic problems, the Governments of Sweden and Finland decided that for the year 1995 aid for Vietnam would be increased. The Danish Government promised to promptly provide an aid package of $100 million for the period 1994-97. The Norwegian Government was considering resumption of development aid for Vietnam, and held that the visit of our delegation to Norway was timely. Norway was leading the world in reserving 1.17 percent of its GDP for aid to developing countries.

Apart from non-refundable aid, all visited countries promised to give us credit with favorable conditions and combined credit with conditions in accordance with the OECD in order to create favorable conditions for companies that wish to invest in and trade with Vietnam.

All companies that the delegation contacted were optimistic about the future of business cooperation with Vietnam. BP [British Petroleum] of Great Britain and (Statoil) of Norway were happy with their discovery of a big gas reserve offshore from Vung Tau, and were carrying out exploitation plans to supply gas to electricity power stations and for domestic use for the southern region. The company (Schmidt) was very optimistic on cooperation with Vietnam in the cement industry.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Forestry Ministry Delegation Returns From PRC

BK2809153894 Hanoi Voice of Vietnam in English 1000 GMT 28 Sep 94

[Text] A delegation headed by minister of forestry, Professor Nguyen Quang Ha has returned from a 10-day visit to China, at the invitation of the Chinese Minister of Forestry Xu Youfang. Agreement for the exchange of scientific and technological information, and expression of joint projects were signed.

Further on End to EC Refugee Aid Program

BK2809160994 Hanoi Voice of Vietnam in English 1000 GMT 28 Sep 94

[Text] The European Community, on 27 September, held a press conference in Hanoi (?to listen to) the finalization of the credit program for the repatriation of Vietnamese refugees. The press conference was presided over by Ms. Nguyen Thi Hang, vice minister of labor, war invalids, and social welfare; Mr. Uong Tan Dao, director of the program; and Mr. (Francis), the program credit specialist. Here is the report of that press conference:

The EC integration scheme has been involved in five major programs with a view to repatriating and stabilizing life for the returnees. The program has provided loans to the returnees [illegible] housing construction, job training, and job guidance. The (?30-month-long) program will end on 30 October 1994. Deadline for banks to receive applications for loans is 1 October, and no loan disbursement will be made under the scheme after that date. Mr. (Francis) told the press conference up to now, the program has provided about 48,300 loans, each worth $870 with $42.1 million been dispersed already.

By now, the Vietnamese Government, with assistance from the United Nations High Commissioner for Refugees and the EC have received back 65,155 refugees, including 36,200 households. There remain 52,865 refugees in various camps in the Asian region. The Vietnamese Government will continue cooperating with the UNHCR, EC, and those countries where the Vietnamese refugees are living, to repatriate them or help them to settle down in a third country in accordance with the international law. In the coming three years, Vietnam will join efforts with UNHCR and EC to help small and medium-sized enterprises (?to loan) for production development creating more jobs, contributing to the economic growth and solving a number of social problems.

At the press conference, Ms. Nguyen Thi Hang highly appreciated the contribution of the EC and the UNHCR for the repatriation of the Vietnamese refugees. Mr. Uong Tan Dao, deputy head of the program said the Vietnamese Government has committed every possible opportunity to cooperate with the EC and the UNHCR to make the program a success. Ms. Nguyen Thi Hang, director of the program also pointed down that the achievement of the Vietnam's doi moi, renovation, and Vietnam's economic development in recent years have helped make the repatriation program a success.

Agreement Signed With Laos on Building Highway

BK2909090694 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 28 Sep 94

[Text] In Vientiane on 27 September, an agreement-signing ceremony was held between the Transport Department under the Lao's Ministry of Communications, Post, Transport, and Construction, and the Central Region Construction General Corporation or (Vimeco), under Vietnam's Ministry of Communications and Transportation, on cooperation to build Highway No. 8. According to the minutes, the Lao side agrees to let the Central Region Construction General Corporation build a section of Highway No. 8 on Lao territory up to a length of about 20 kilometers. The Lao side will speed up the completion of the technical design and cost estimation and submit it to the Lao Government for approval so that implementation of the project can soon be started.

Vo Van Kiet Meets With Staff of Voice of Vietnam

BK2909130894 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 28 Sep 94

[Text] Prime Minister Vo Van Kiet had a working session with officials of the Voice of Vietnam [VOV] radio station this morning, 28 September. Also attending the working session were Nguyen Khanh, deputy prime minister; Tran Hoan, minister of culture and information; Pham Gia Khiem, deputy chief of the State Planning Commission; Le Minh Hung, deputy minister of interior; Doan Manh Giao, deputy chief of the Government Office; Do Trung Ta, deputy chief of the Post General Department; Ho Anh Dung, director general of the Vietnam Television station; and representatives of the party Central Committee Culture and Ideology Department, the Ministry of Science, Technology, and Environment, and a number of agencies concerned.

After being briefed by Comrade Phan Quang, director general of the VOV, on Vietnam's radio transmission and broadcast master plan for the period from 1995-2000 and beyond as well as on efforts to bring radio programs to high-altitude, border, and island areas and remote localities in the countryside, Prime Minister Vo Van Kiet wrapped up the session by expressing his views as follows:

First, it is necessary to work toward the approval of VOV radio transmission and broadcast master plan for the period from now through the year 2000 and beyond. It is important for central and local radio stations to coordinate action in bringing radio programs to 95 percent of the national population. It is necessary to work toward the approval of a plan to bring radio programs to mountain, island, and remote areas.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Second, to implement the urgent tasks of keeping the masses informed of party and state policies and lines as well as of improving the people's knowledge and meeting their recreational needs, measures must be taken to ensure close coordination among sectors and echelons in overcoming difficulties in capital, equipment, and technology so that the VOV may implement its radio transmission and broadcast master plan no later than the projected completion schedule.

Third, plans must be worked out to consolidate international radio transmission and broadcast facilities and improve the quality of radio programs to bring the VOV to overseas Vietnamese communities and to foreign friends who show interest in Vietnam, thereby keeping them informed of our land, people, and renovation policy as well as the achievements that we have made and the challenges encountered in the course of development.

Fourth, satisfactory and prompt measures must be taken to carry out the radio transmission and broadcast master plan. Our efforts to modernize the VOV will greatly contribute to improving the people's intellectual background, increasing the strength to counter the enemy's slanderous propaganda activities, firmly maintaining political stability, and carrying on the overall national renovation undertaking.

Fifth, uniform measures must be taken to ensure efficiency of the master plan. It is necessary to pay attention tc details ranging from efforts to enrich the contents of radio casts to make them appeal to listeners to endeavors to improve the quality of the sound system, radio transmission and broadcast network, and information access system through the use of radio receivers. It is necessary to see to it that radio receivers are readily available so listeners can have access to radio programs. Vietnamese families should have at least one radio receiver each so that they can listen to VOV programs. Afterward, Prime Minister Vo Van Kiet said:

[Begin recording] It is my belief that efforts must be made to ensure that wherever they are, Vietnamese citizens both at home and abroad can listen to the official Voice of Vietnam and that radio receivers can best serve this purpose. It can be said that radio receivers are the most convenient means because they give people instant access to radio programs. In my opinion, we should take urgent steps to modernize our radio network. I think that this is the most practical solution. Of course, this move must be closely linked with our endeavors to enrich the contents of radio programs to make them appeal to listeners. Don't you think that this move constitute the most practical solution and calls for great efforts on our part? [end recording]

Following the conclusion of the working session, Prime Minister Vo Van Kiet and the comrades accompanying him toured a number of technical facilities of the VOV.

Vo Van Kiet on Development of Navigation Sector

BK2909093594 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 28 Sep 94

[Text] Prime Minister Vo Van Kiet and Deputy Prime Minister Tran Duc Luong held a meeting on 27 September with leaders of the Ministry of Communications and Transportation and other relevant ministries to discuss the establishment of a pilot business consortium for the Vietnam navigation sector.

After listening to reports from Minister Bui Danh Luu and the director and deputy director of the Vietnam Navigation Department on the proposal for the structural organization of and regulations for the Vietnam Navigation General Corporation, Deputy Prime Minister Tran Duc Luong, and representatives of other ministries spoke on the role of the navigation sector in a market-oriented economy, and the demand for a reorganization of the navigation sector which was contained in the new Regulations on the Organization and Function of the Vietnam Navigation General Corporation.

Speaking at the meeting, Prime Minister Vo Van Kiet pointed out that one of the main development objectives in the immediate future is to build up a modern national ocean fleet, including container ships and oil tankers. Also very important in the ocean transportation business are ship repairs, ship building, and a navigation service—the provision of which has great prospects but which so far has not been adequately developed.

Regarding the structure, Prime Minister Vo Van Kiet agreed to the proposal of the Ministry of Communications and Transportation to form the Vietnam Navigation General Corporation. He held that the demand for the existence of a dynamic organization capable of handling the rapidly increasing number of shipments was very urgent not only for the navigation sector but also for the nation in general. For the immediate future, the sector would be organized into a general corporation, but in the long term it should become a powerful economic consortium.

Statistics Department Reports on Private Sector

BK2809151194 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Sep 94

[Text] According to the Statistics General Department, there are currently about 4,500 private business establishments focusing mainly on trade, service providing, industry, and handicrafts. Among these establishments, 17 percent have capital under 50 million dong, and only 3 percent have capital over 2 billion dong. Many private establishments have fixed assets only and have to borrow their working capital. Also according to records of the Statistics General Department, state-owned enterprises have an average asset value of 23 times greater than that of private business establishments.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

Australia

Government Defends Policy Toward Indonesia

LD2809165494 Melbourne Radio Australia in English 1600 GMT 28 Sep 94

[Text] The Australian Government has defended its approach to Indonesia in the wake of criticism by the human rights organization Amnesty International. In a report released internationally, Amnesty International calls on Canberra to review its current policies for promoting and protecting human rights in Indonesia and East Timor.

The report claims Jakarta has failed to address the root causes of human rights violations and claims those violations are pervasive throughout Indonesia. Amnesty International accused the Australian Government of sending mixed messages to Jakarta and says Canberra should acknowledge the severity of the human rights situation in Indonesia and East Timor. But Australia's foreign minister, Gareth Evans, has described Amnesty's report as a campaign document and maintains the human rights situation in Indonesia is improving.

[Begin Evans recording] It's not a matter of being an apologist for them. It's a matter of putting them in their context and recognizing that there are productive ways and counterproductive ways of trying to deal with, respond to these situations. And the kind of approach that Australia has adopted—which is putting these representations and approaches in the context of an effective relationship—is one that I genuinely believe will bear more fruit than the kind of stridency that Amnesty is recommending in this campaign. [end recording]

New Zealand

National Party Coalition Seen Near Collapse

BK2909082994 Hong Kong AFP in English 0407 GMT 29 Sep 94

[Text] Wellington, Sept 29 (AFP)—New Zealand's struggling National Party government, already forced into a coalition with one of its own ex-members to survive, suffered another blow Thursday with the announcement that another of its back-benchers is to quit the party. It is something of a mixed blessing for the government, as MP Michael Laws has been a strong critic of some of the policies of Prime Minister Jim Bolger and the two have come to verbal blows more often than most MPs. However, Bolger needs Laws on his side to stay in office.

After general elections last year National held 50 of the 99 parliamentary seats, with the Labour Party holding 45. Labour has provided the speaker. New Zealand First and the Alliance hold two seats each.

Earlier this month, National tally fell to 49 seats when one of its members, Ross Meurant, quit to form his own Right-of-Centre Party. He agreed not to vote against the government, meaning that for the first time in a half century New Zealand was being run by a de-facto coalition government.

Now with Laws planning to leave the party, National will be reduced to 48 seats. It is already having difficulties in parliament passing contentious legislation. In a statement Thursday Laws said he would remain in politics but will leave the National Party before the next election. He said his present plans involved remaining with the party in the interim, but leaving it to stand in 1996 either as an independent or for a party that represented his views on "direct democracy".

Laws said he would decide which seat he would seek "some time in the future" and that at the moment it was not an issue for him. He believed the National government lacked logic and compassion in its social policies.

"The first decision I have made is that I will not be seeking a National Party nomination for the next election. I can no longer represent a party that does not truly represent my views or concerns." He said that although he would remain a National Party MP in the interim and vote with the Government on matters of "confidence", he would pursue a course of "direct democracy" and consult with people in his electorate on controversial legislation.

At the next elections, due by 1996 at the latest, New Zealand will switch from first-past-the-post voting to German-style proportional representation (MMP).

Laws said he did not support an early election, either now or when MMP comes into operation.

This report contains information which is or may be copyrighted in a number of countries. Therefore, copying and/or further dissemination of the report is expressly prohibited without obtaining the permission of the copright owner(s).

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.